

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other			Local Government Name City of Burton	County Genesee
Audit Date June 30, 2004	Opinion Date October 8, 2004	Date Accountant Report Submitted to State:		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

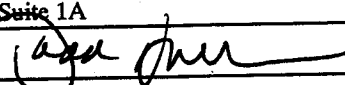
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1-968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 1 00% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).		X	

Certified Public Accountant (Firm Name) BKR Dupuis & Ryden			
Street Address 111 E. Court Street, Suite 1A	City Flint	State MI	ZIP 48502
Accountant Signature 		Tadd A. Harburn, CPA	

**City of Burton
Michigan**

**Comprehensive
Annual Financial Report**

**For
Fiscal Year Ended June 30, 2004**



Charles H. Smiley, Mayor

Karen Foster, Deputy Controller

City of Burton Controllers Department

Comprehensive Annual Financial Report

City of Burton, Michigan

Fiscal Year Ended June 30, 2004

**Prepared By:
Controller's Department**

**Independent Auditors:
BKR Dupuis & Ryden**

**Comprehensive Annual Financial Report
City of Burton, Michigan
Year Ended June 30, 2004**

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June 30, 2004
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City of Burton, Michigan
List of Elected and Appointed Officials

Elected Officials

Charles H. Smiley	Mayor
Danny Wells	City Council - President
Robert Centilli	City Council - Vice President
Robert Bement	City Council - Member
Charles Cross	City Council - Member
Jamie Curtis	City Council - Member
Gary Isham	City Council - Member
Thomas Martinbianco	City Council - Member

Appointed Officials

Steve Perez	Acting Treasurer
Gayle K. Webster	Clerk
Dennis W. Lowthian	Assessor
Douglas Halstead	Fire Chief
Bruce Whitman	Police Chief



CHARLES SMILEY
MAYOR

City of Burton

4303 SOUTH CENTER ROAD
GENESEE COUNTY • BURTON, MICHIGAN 48519

PHONE (810) 743-1500
FAX (810) 743-5060

October 8, 2004

Honorable Members of the Burton City Council and
Citizens of the City of Burton

In accordance with state statutes and local charter provisions, I hereby transmit the annual financial report of the City of Burton as of June 30, 2004, and for the fiscal year then ended. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rest with the City. The Administration believes that the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

In developing and monitoring the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are discussed in the accompanying Management's Discussion and Analysis and, within that framework, I believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City of Burton's financial statements have been audited by the public accounting firm of BKR Dupuis & Ryden. This firm was engaged by the Burton City Council to provide an independent audit; which involves the examination, on a test basis, the financial applications, disclosures, and accounting principles utilized in preparing a fair and accurate financial statement presentation. BKR Dupuis & Ryden has concluded that based upon their audit procedures, they can render an unqualified opinion on the City of Burton's financial statements for the year ended June 30, 2004. The independent auditors report is the first component of the financial section of this report.

This report has been formulated following the guidelines recommended by the Government Finance Officers Association of the United States and Canada.

In accordance with the above referenced guidelines, this accompanying report consists of three (3) parts:

1. Introductory section, including this letter of transmittal.
2. Financial section, including the Management's Discussion and Analysis, financial statements and supplemental data, our independent auditor's opinion, as well as the single audit section, including auditor comments on internal control and compliance and a schedule of federal funding amounts.

C1



3. Statistical section, including a number of tables of unaudited data detailing the financial history of the City of Burton for the past ten (10) years, information on overlapping government, and demographic and other miscellaneous data.

Further details regarding the financial activities of the City of Burton for the year ended June 30, 2004, may be found in the management's discussion and analysis.

Community Profile

The City of Burton, Michigan, is located in southeastern Genesee County, approximately 60 miles north of Detroit. Burton was incorporated in 1972 and occupies an area approximately 23.5 square miles. The total population is 30,308, according to the 2000 census.

The City operates under a strong mayor – council form of government. The mayor, as well as (7) seven council members are elected for (4) four-year terms. Burton has a state of the art police facility which houses 41 sworn officers and fire protection is provided by a full time chief and assistant chief, along with 60 part-time "on call" fire fighters. The fire department responds from 3 strategically located stations.

Burton possesses a very strong commercial, industrial and residential tax base. However, because of its large area there is a great deal of vacant land available for most types of development. The City's property tax rate consists of 4.745 mills (\$4.745 per \$1,000 of taxable value) for general operation, .9488 mills of extra voted for police protection and 1.1 mills for debt retirement.

The City of Burton and Genesee County provide a strong economic base for development through an outstanding infrastructure of educational, health care and recreational facilities. Also, the availability of an excellent transportation network and all necessary public utilities add to the economic base of this area.

Many of the City of Burton's financial conditions are impacted by broader economic conditions of the local economy.

Economic growth in Burton has continued despite unfavorable conditions in the market place. Many national and regional retailers have located in the City of Burton in the last ten years. They include Wal-Mart, Home Depot, Lowe's, Discount Tire, Belle Tire, Aldi's Supermarket, Applebees Restaurant, Boston Market Restaurant, Tim Horton's / Wendy's (two locations) and McDonald's (two locations). In addition, nearly 1,200 new residential homes have been built in the last ten (10) years.

This growth has increased the tax base tremendously, which has created additional tax revenues while allowing the City's tax rate to be one of the lowest in Genesee County.

The Lockwood Group opened a new 125 unit senior citizens development in the summer of 2002, while Blackberry Creek, a 228 unit family housing development, just opened in 2003.

Several development projects are in progress. They include a new residential subdivision and condominium complex.

The Series 2004 Limited Tax Special Assessment Series I Bonds in the amount of \$2.025 million were issued during the year. The bonds will fund the infrastructure for a significant development, Burton Estates. Many street projects including the reconstruction of Court Street from Belsay Road to Genesee Road have recently been completed. A future five- year federally assisted street program is also in place with many other streets in Burton targeted.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Burton, Michigan for its comprehensive annual financial report for the fiscal year ended June 30, 2003. It was the nineteenth time, and the seventeenth consecutive year, that the City has received this award.

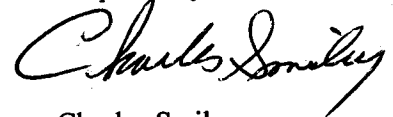
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. This report must satisfy both generally accepted accounting principals and applicable requirements.

A Certificate of Achievement is valid for a period of one year only. We believe the City's current report continues to conform to Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

We at Burton City Hall are always trying to keep our public informed. Look up our Web Site at www.burton.mi.us to see what's new in Burton.

In closing, I would like to thank all the people who have made Burton the place to live, work and play. If we continue to work together we will have a city we can all be proud of. I commend the administrators, employees, E.D.C., Z.B.A., Planning Members, the Burton City Council and Burton Community Leadership Council for all their hard work, dedication and commitment to our city.

Respectfully submitted,



Charles Smiley
Mayor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Burton,
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

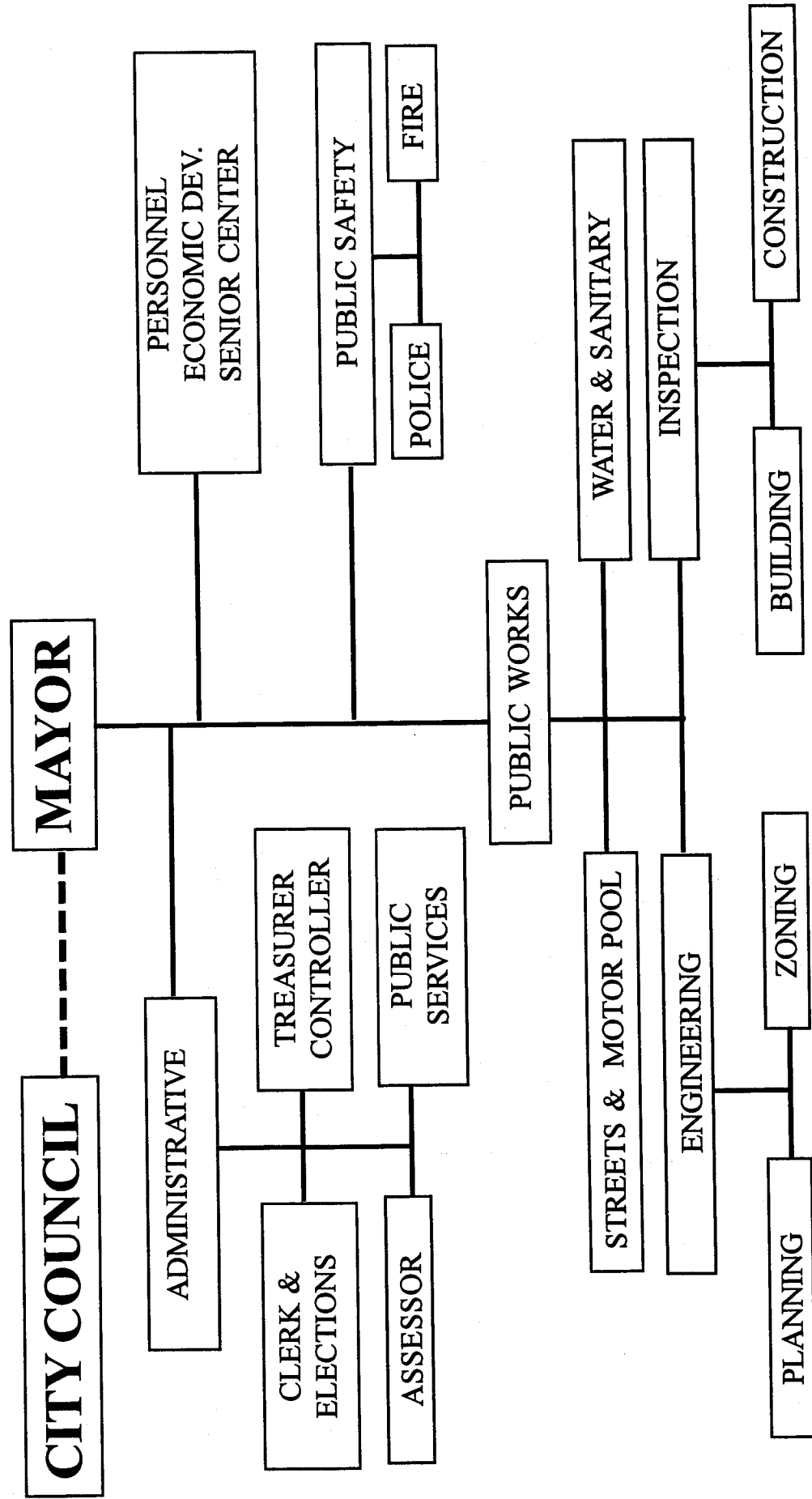


President

Executive Director

CITY OF BURTON FUNCTIONAL ORGANIZATIONAL CHART

JUNE 30, 2004



Financial Section

Independent Auditors' Report

Honorable Mayor and Members
of the City Council
City of Burton
Burton, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Burton, Michigan, (City) as of June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Burton, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Burton, Michigan, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund, major street, local street, and police millage special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with "*Government Auditing Standards*" we have also issued a report dated October 8, 2004 on our consideration of City of Burton's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The management's discussion and analysis, budgetary comparison information, and pension plan analysis of funding Progress on pages 3.1 through 3.5 and 52 through 64 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Burton, Michigan's basic financial statements. The introductory section, combining and individual fund financial statements, other financial information, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and other financial information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Certified Public Accountants
Flint Office

October 8, 2004

Management's Discussion and Analysis

Management's Discussion and Analysis

This narrative section of the City of Burton's annual financial report provides discussion and analysis of the City's financial activities for the fiscal year ended June 30, 2004. This insight should be read to further enhance the understanding of the City's financial statements, which follows this section.

The City of Burton is implementing the new Governmental Accounting Standards Board Statement No. 34 required format for the first time this year. This analysis and discussion are part of the new accounting requirements and include comparative data from the different funds and activities of the City as well as current year and prior year comparisons.

Financial Highlights

- ❖ The total assets for the City of Burton are \$100,966,533 comprised of \$69,524,431 in capital assets and \$31,442,102 in other assets. Total liabilities are \$20,187,052 comprised of \$18,339,639 in long-term debt and \$1,847,413 in other debt.
- ❖ The total net assets for the City are \$80,779,481. Of this amount, \$14,872,183 is unrestricted and available for any city activity. The net assets increased \$2,707,125 from the prior year; \$951,740 from governmental activities and \$1,755,385 from business-type activities.
- ❖ Revenues including taxes, other revenues and net other financing sources for the Primary Government's Governmental funds amounted to \$15,631,660. Expenditures of \$16,689,651 exceeded revenues and other sources by \$1,057,991 mainly due to capital outlay expenditures of special assessment bonds.
- ❖ The combined fund balance at June 30, 2004 for the City's governmental funds was \$11,316,650. This was a decrease of \$1,057,991 from the prior year.
- ❖ General Fund expenditures exceeded revenues and other sources by \$361,304, causing the General Fund fund balance to decrease accordingly to stand at \$1,720,594.

Overview of the Financial Statements

This discussion constitutes the first section or introduction to the financial statements, which includes three parts. They are government-wide financial statements, the fund financial statements, and the notes to the financial statements. In addition to the financial statements, other supplementary information is also provided.

- ❖ The government-wide financial statements provide a broad overview of the City of Burton financial status for both the long-term and short-term.
 - The statement of net assets and statement of activities focus on the overall financial health indicators of the City. Those indicators are further categorized as either governmental activities that are primarily supported by taxes and intergovernmental revenues or business type activities which are supported by user fees and charges.
 - Burton's governmental activities include such areas as general government, public safety, highways, and streets. The business-type activities include water and sewer.
- ❖ The remaining statements are fund financial statements that focus on individual segments of the City. They are narrower in scope and provide more detail than the government-wide statements.
 - Governmental funds such as the general fund and the major and local street funds focus on the financing of these areas in the short term and what remains for future spending.
 - Proprietary fund statements represent the City's water and sewer funds and show how these activities operate like businesses.
 - Fiduciary fund statements provide information about financial relationships, such as the retirement plan for certain City employees, where the City administers the fund for the benefit of others who have ownership to the assets.

Notes to the financial statements are also included to further explain some of the financial statements and provide more detailed data.

The final sections include other information. The required supplemental information would include such items as the City of Burton's progress in funding its pension obligations and budgetary compliance of major funds with adopted budgets. In addition, other discretionary information about the City has been provided that should further enhance the understanding of its operations.

Table 1 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Table 1 Major Features of the City of Burton, Michigan's
Government-wide and Fund Financial Statements
Fund Statements**

Type of Statements	<u>Government-wide</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, major/local streets	Activities the City operates similar to private businesses: the water and sewer system	Instances in which the City is the trustee or agent for someone else's resources, such as the retirement plan for some City employees
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term, the City's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Financial Analysis

Changes in Net Assets:

As mentioned earlier, net assets provide useful benchmarks in determining overall financial position. Net assets – the difference between the City's assets and liabilities – is one way to measure the City's financial health or position. The City of Burton's combined net assets are \$80,779,481. This compares to last year's total of \$78,072,356 which was an increase of \$2,707,125. This increase was due to aggregate governmental activity expenditures being held below revenue sources, as well as excess revenues over expenses for the Water and Sewer business-type activity funds.

Further review of the City's net assets indicates that they are divided into three parts. The largest part, \$51,184,792 (63.4%) is the investment in capital assets (land, buildings, machinery and equipment, and infrastructure) net of related debt which cannot be readily liquidated or available for future spending. The second part is restricted assets (\$14,722,506 or 18.2%), which can be used strictly for certain purposes, such as street improvements and debt service. Finally, the last part is unrestricted assets totaling \$14,872,183, which can be used for ongoing obligations or new activities.

Condensed Financial Information

	<u>2004</u>	<u>2003</u>
Governmental Activities:		
Program revenues:		
Charges for services	\$ 5,152,732	\$ 1,970,437
Operating grants	672,617	957,562
Capital grants	108,782	3,620,319
General revenues:		
Property taxes	4,246,263	4,618,537
State shared revenue	2,703,933	2,974,857
Motor fuel taxes	2,754,454	1,948,054
Unrestricted grants and contributions	326,492	668,141
Unrestricted investment earnings	396,440	232,244
Other	9,256	(45,617)
Transfers (to) from business-type activities	<u>(1,025,924)</u>	<u>2,926</u>
Total revenues	<u>15,345,045</u>	<u>16,947,460</u>
Program expenses:		
General government	2,284,383	758,267
Public service	3,094,584	1,819,002
Public safety	6,296,695	5,663,559
Public works	1,895,436	1,617,045
Parks and recreation	100,722	61,852
Planning	90,016	83,586
Interest on debt	<u>631,469</u>	<u>657,920</u>
Total expenses	<u>14,393,305</u>	<u>10,661,231</u>
Change in net assets	<u>\$ 951,740</u>	<u>\$ 6,286,229</u>

In 2003, the large increase in net assets was due mainly to substantial capital grant contributions. In 2004, the increase in motor fuel taxes was due to the City taking control over 40 miles of local roads from the County.

	<u>2004</u>	<u>2003</u>
Business-Type Activities:		
Program revenues:		
Charges for services	\$ 3,169,928	\$3,121,742
Capital grants and contributions	1,305,641	415,387
General revenues:		
Investment earnings	124,516	178,544
Transfers (to) from governmental activities	<u>1,025,924</u>	<u>(2,926)</u>
	<u>5,626,009</u>	<u>3,712,747</u>
Program expense:		
Water	2,697,688	2,476,261
Sewer	<u>1,172,936</u>	<u>1,127,951</u>
	<u>3,870,624</u>	<u>3,604,212</u>
Change in net assets	<u>\$1,755,385</u>	<u>\$ 108,535</u>

In 2004, the increase in net assets is due mainly to customer capital contributions received and transfers from governmental activities.

Financial Analysis of the City's Funds

The City ended the fiscal year with a total governmental funds fund balance of \$11,316,650. This was a decrease of \$1,057,991 over last year's fund balance of \$12,374,641.

The City of Burton General Fund fund balance decreased by \$361,304 to \$1,720,594.

Relative to General Fund, the City again felt the effects of a substantial reduction in State shared revenues, one of the City's major sources of governmental general revenues. Except for public service activities and other fund transfers, expenditures were held below budget. However, substantial mid-year state shared revenue losses caused the General Fund to post a decrease in fund balance in the amount of \$361,304 rather than a decrease of \$63,653 as anticipated in the amended budget. There were no significant variances between the original and amended budgets for the General Fund.

The City's total governmental fund revenues and net other financing sources amounted to \$15,631,660. Property taxes and assessments comprised \$4,342,523 or 27.8%, intergovernmental (federal, state, and local) revenues amounted to \$6,737,739 or 43.1%, and all other revenue types amounted to \$4,551,398 or 29.1% of total governmental revenues.

Total governmental expenditures amounted to \$16,689,651 or 8% increase over 2003. Capital outlay and public works (streets) were categories that had the largest increases due to the completion many street projects.

The City has \$3.026 million in fund balance reserved for major and local streets. Major and Local Street expenditures increased \$384,354 or 36% in 2004 due to many new road construction projects and the City taking over maintenance of 40 miles of local streets from Genesee County.

Police Fund expenditures increased 10% or \$397,160 due to scheduled labor increases and other increases in employee health care benefit costs.

All other nonmajor governmental funds have a total of \$6.438 million in combined fund balance mainly reserved for debt service and capital projects.

Capital Asset and Debt Administration

At June 30, 2004, the City of Burton's investment in capital assets for the governmental activities amounted to \$26,955,790 (net of depreciation) and business-type activities amounted to \$42,568,641 (net of depreciation). The investment in capital assets covers a broad variety of buildings, machinery, equipment, roads, highways, bridges, and box culverts.

The projects listed below contributed to the increase in capital assets:

- ❖ Davison, Belsay, and Lapeer Road and improvements
- ❖ Davison Road Bridge project

Additional information regarding the City's capital assets can be found in note III.A.2 on page 35 of this report.

Long-Term Debt

At June 30, 2004, the City had \$15,964,639 in long-term debt outstanding for governmental activities and \$2,375,000 in bonds outstanding for business-type activities. The annual debt service requirement was \$2,715,955 which was a \$205,880 decrease from the previous year of \$2,921,835.

During the current year the City sold \$2.025 million in special assessment bonds to finance a major special assessment infrastructure project.

The City of Burton's limited tax special assessment bonds and water and sewer revenue bond issues both received A- bond ratings from Standard & Poor's. Transportation fund bonds issued by the City received an AA rating.

Additional information regarding the City's long-term debt can be found in Note III A. 6 of Notes to the Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The economic condition of the State of Michigan is an ongoing concern. After withstanding a cut in state shared revenues of approximately \$304,000 or 10.2% in this year; the upcoming fiscal year 2004-2005 may be faced with further cuts as the State attempts to balance its budget.

In addition, as provided in the State of Michigan Truth in Taxation Act, the City's state equalized value can not increase due to inflation more than the cost of living index.

Information Requests

This financial report is designed to provide the citizens, taxpayers, customers, investors, and creditors a general overview of the City's finances and provide further accountability of the financial transactions that take place. If you have questions about this report or need additional financial information, please contact the City of Burton Controller's Department, 4303 South Center Road, Burton, MI 48519.

Basic Financial Statements

Government-Wide Financial Statements

City of Burton
Statement of Net Assets
June 30, 2004

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 9,370,675	\$ 9,812,355	\$ 19,183,030
Investments	585,896	-	585,896
Receivables (net of allowances for uncollectibles):			
Accounts	357,821	476,893	834,714
Unbilled utility charges	-	1,211,800	1,211,800
Special assessments	6,654,364	-	6,654,364
Tap-in contracts	-	116,160	116,160
Accrued interest	265,499	26,032	291,531
Due from component units	1,560	-	1,560
Due from other governmental units	1,556,090	-	1,556,090
Internal balances	(27,726)	27,726	-
Unamortized bond discount	-	26,996	26,996
Inventory	62,453	140,036	202,489
Prepaid items	530,816	-	530,816
Restricted assets:			
Cash and cash equivalents	10,735	235,921	246,656
Capital assets (net of accumulated depreciation)	26,955,790	42,568,641	69,524,431
Total assets	\$ 46,323,973	\$ 54,642,560	\$ 100,966,533

See notes to financial statements.

Component Units	
Downtown Development Authority	Economic Development Corporation
\$ 157,429	\$ 3,721
-	-
99	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
\$ 157,528	\$ 3,721

(continued)

City of Burton
Statement of Net Assets (continued)
June 30, 2004

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable	\$ 450,111	\$ 164,251	\$ 614,362
Accrued liabilities	434,384	51,701	486,085
Deposits	258,496	-	258,496
Due to primary government	-	-	-
Due to other governmental units	-	477,735	477,735
Deferred revenue	10,309	-	10,309
Payable from restricted assets:			
Construction contract	426	-	426
Noncurrent liabilities:			
Current portion of debt	1,892,409	75,000	1,967,409
Long term portion of debt	14,072,230	2,300,000	16,372,230
Total liabilities	17,118,365	3,068,687	20,187,052
Net Assets			
Invested in capital assets, net of related debt	10,991,151	40,193,641	51,184,792
Restricted for:			
Highways and streets	3,026,200	-	3,026,200
Debt service	10,583,135	-	10,583,135
Other purposes	1,113,171	-	1,113,171
Unrestricted	3,491,951	11,380,232	14,872,183
Total net assets	29,205,608	51,573,873	80,779,481
Total liabilities and net assets	\$ 46,323,973	\$ 54,642,560	\$ 100,966,533

See notes to financial statements.

Component Units			
Downtown Development Authority		Economic Development Corporation	
\$	3,545	\$	-
	-		-
	-		-
	1,560		-
	-		-
	-		-
	-		-
	-		-
	-		-
	5,105		-
	-		-
	-		-
	-		-
	-		-
	152,423		3,721
	152,423		3,721
\$	157,528	\$	3,721

City of Burton
Statement of Activities
For the Year Ended June 30, 2004

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,284,383	\$ 599,541	\$ 40,800	\$ -
Public service	3,094,584	4,462,887	-	-
Public safety	6,296,695	90,304	515,039	31,102
Public works	1,895,436	-	91,424	-
Parks and recreation	100,722	-	25,354	77,680
Planning	90,016	-	-	-
Interest on long term debt	631,469	-	-	-
Total governmental activities	14,393,305	5,152,732	672,617	108,782
Business-type activities:				
Water	2,697,688	2,512,387	-	600,226
Sewer	1,172,936	657,541	-	705,415
Total business-type activities	3,870,624	3,169,928	-	1,305,641
Total primary government	\$18,263,929	\$ 8,322,660	\$ 672,617	\$ 1,414,423
Component units:				
Economic development corporation	\$ -	\$ -	\$ -	\$ -
Downtown development authority	39,437	-	-	-
Total component units	\$ 39,437	\$ - 0 -	\$ - 0 -	\$ - 0 -

General revenues:

- Property taxes
- State share revenues
- Motor fuel taxes
- Grants and contributions not restricted to specific programs
- Unrestricted investment earnings
- Loss on disposal of capital assets
- Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning of year

Net assets - end of year

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Downtown Development Authority	Economic Development Corporation
\$ (1,644,042)	\$ -	\$ (1,644,042)	\$ -	\$ -
1,368,303	-	1,368,303	-	-
(5,660,250)	-	(5,660,250)	-	-
(1,804,012)	-	(1,804,012)	-	-
2,312	-	2,312	-	-
(90,016)	-	(90,016)	-	-
(631,469)	-	(631,469)	-	-
(8,459,174)	-	(8,459,174)	-	-
-	414,925	414,925	-	-
-	190,020	190,020	-	-
-	604,945	604,945	-	-
(8,459,174)	604,945	(7,854,229)	-	-
-	-	-	-	-
-	-	-	(39,437)	-
-	-	-	(39,437)	-
4,246,263	-	4,246,263	29,765	-
2,703,933	-	2,703,933	603	-
2,754,454	-	2,754,454	-	-
326,492	-	326,492	-	-
396,440	124,516	520,956	592	14
9,256	-	9,256	-	-
(1,025,924)	1,025,924	-	-	-
9,410,914	1,150,440	10,561,354	30,960	14
951,740	1,755,385	2,707,125	(8,477)	14
28,253,868	49,818,488	78,072,356	160,900	3,707
\$ 29,205,608	\$ 51,573,873	\$ 80,779,481	\$ 152,423	\$ 3,721

Fund Financial Statements

**City of Burton
Balance Sheet
Governmental Funds
June 30, 2004**

	<u>General</u>	<u>Major Street</u>	<u>Local Street</u>
Assets			
Cash and cash equivalents	\$ 881,582	\$ 1,544,620	\$ 857,167
Investments	-	-	-
Receivables (net of allowances for uncollectibles):			
Accounts	309,427	-	11,659
Special assessments	-	-	-
Accrued interest	-	68	77
Due from:			
Other funds	186,192	107,013	255,407
Component units	1,560	-	-
Other governments	888,635	419,649	97,053
Inventory	-	-	-
Advances to other funds	-	-	-
Prepaid items	530,816	-	-
Cash - restricted	-	-	-
	<u>\$ 2,798,212</u>	<u>\$ 2,071,350</u>	<u>\$ 1,221,363</u>
Total assets			

See notes to financial statements.

Police	P-03-01 Debt	P-04-01 Debt	Other Governmental Funds	Totals Governmental Funds
\$ 89,758	\$ 197	\$ 3,036	\$ 5,834,953	\$ 9,211,313
-	-	-	585,896	585,896
-	-	-	4,427	325,513
-	2,040,012	1,284,673	3,329,679	6,654,364
-	102,150	15,159	148,045	265,499
133,106	-	-	30,864	712,582
-	-	-	-	1,560
62,321	-	-	88,432	1,556,090
2,078	-	-	-	2,078
-	-	-	-	-
-	-	-	-	530,816
10,309	-	-	426	10,735
\$ 297,572	\$ 2,142,359	\$ 1,302,868	\$ 10,022,722	\$ 19,856,446

(continued)

City of Burton
Balance Sheet (continued)
Governmental Funds
June 30, 2004

	General	Major Street	Local Street
Liabilities			
Accounts payable	\$ 79,051	\$ 48,844	\$ 15,935
Accrued liabilities	59,134	13,295	15,829
Deposits	258,496	-	-
Due to:			
Other funds	680,937	143,883	28,727
Primary government	-	-	-
Other governments	-	-	-
Advances from other funds	-	-	-
Deferred revenue	-	-	-
Payable from restricted assets:			
Construction contract	-	-	-
Total liabilities	1,077,618	206,022	60,491
Fund Balances			
Reserved:			
Debt Service	-	-	-
Reserved for retiree health care	-	-	-
Prepaid items	530,816	-	-
Unreserved:			
General fund	1,189,778	-	-
Special revenue funds	-	1,865,328	1,160,872
Capital projects funds	-	-	-
Total fund balances	1,720,594	1,865,328	1,160,872
Total liabilities and fund balances	\$ 2,798,212	\$ 2,071,350	\$ 1,221,363

See notes to financial statements.

Police	P-03-01 Debt	P-04-01 Debt	Other Governmental Funds	Totals Governmental Funds
\$ 72,296	\$ -	\$ 24	\$ 203,824	\$ 419,974
191,855	-	-	11,883	291,996
-	-	-	-	258,496
11,799	-	-	38,885	904,231
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
10,309	2,040,012	1,284,673	3,329,679	6,664,673
-	-	-	426	426
286,259	2,040,012	1,284,697	3,584,697	8,539,796
-	102,347	18,171	3,808,253	3,928,771
-	-	-	582,355	582,355
-	-	-	-	530,816
-	-	-	-	1,189,778
11,313	-	-	22,655	3,060,168
-	-	-	2,024,762	2,024,762
11,313	102,347	18,171	6,438,025	11,316,650
\$ 297,572	\$ 2,142,359	\$ 1,302,868	\$ 10,022,722	\$ 19,856,446

City of Burton
Reconciliation of Fund Balances as Reported in the Governmental
Balance Sheet to the Statement of Net Assets
June 30, 2004

Fund balances of governmental funds	\$ 11,316,650
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities (exclusive of internal service funds) are not financial resources and, therefore, are not reported in the funds.	25,660,557
Internal service funds are used by management to charge the costs of fleet management and self insured health care to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	1,405,189
Long-term liabilities, including bond and contract payables, are not due and payable in the current period and therefore are not reported in the funds.	(15,831,152)
Special assessment revenues to be received in the future are recognized at the government wide level due being measurable and earned.	<u>6,654,364</u>
Net assets of governmental activities	<u><u>\$ 29,205,608</u></u>

See notes to financial statements.

City of Burton
Statement of Revenues, Expenditures, and Changes in Fund Balances -
All Governmental Funds
For the Year Ended June 30, 2004

	General	Major Street	Local Street
Revenues:			
Taxes	\$ 2,966,921	\$ -	\$ -
Special assessments	-	-	-
Licenses and permits	286,686	-	-
Intergovernmental:			
Federal	40,800	91,424	-
State	2,671,033	2,114,916	639,538
Local	-	-	-
Charges for services	312,855	-	-
Fines and forfeits	105,520	-	-
Net investment income	-	-	-
Interest	9,468	16,260	6,446
Miscellaneous	54,271	70	252
Total revenues	6,447,554	2,222,670	646,236
Expenditures:			
Current:			
General government	2,000,542	-	-
Public service	376,146	-	-
Public safety	662,986	-	-
Public works	-	923,925	690,172
Parks and recreation	60,582	-	-
Planning	90,016	-	-
Capital outlay	54,837	127,632	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	3,245,109	1,051,557	690,172
Excess (deficiency) of revenues over expenditures	3,202,445	1,171,113	(43,936)
Other financing sources (uses):			
Sale of property and equipment	14,931	-	-
Bond proceeds	-	-	-
Transfers in	25,354	-	516,179
Transfers out	(3,604,034)	(808,694)	(49,588)
Total other financing sources (uses)	(3,563,749)	(808,694)	466,591
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(361,304)	362,419	422,655
Fund balances - beginning of year	2,081,898	1,502,909	738,217
Fund balances - end of year	\$ 1,720,594	\$ 1,865,328	\$ 1,160,872

See notes to financial statements.

Police	P-03-1 Debt	P-04-1 Debt	Other Governmental Funds	Total Governmental Funds
\$ 591,853	\$ -	\$ -	\$ 687,489	\$ 4,246,263
-	-	-	496,260	496,260
-	-	-	245,143	531,829
48,008	-	-	601,167	781,399
12,281	-	-	20,619	5,458,387
36,229	-	-	461,724	497,953
54,075	-	-	1,542,204	1,909,134
-	-	-	-	105,520
-	-	-	18,126	18,126
1,029	102,314	18,195	223,570	377,282
160,528	-	-	4,336	219,457
904,003	102,314	18,195	4,300,638	14,641,610
-	-	-	66,059	2,066,601
-	-	-	1,293,728	1,669,874
4,087,912	-	-	1,321,024	6,071,922
-	-	-	-	1,614,097
-	-	-	-	60,582
-	-	-	-	90,016
44,636	-	-	2,460,775	2,687,880
-	-	-	1,803,521	1,803,521
-	47,971	24	577,163	625,158
4,132,548	47,971	24	7,522,270	16,689,651
(3,228,545)	54,343	18,171	(3,221,632)	(2,048,041)
-	-	-	-	14,931
-	-	-	2,025,000	2,025,000
3,385,875	-	-	712,942	4,640,350
(157,330)	-	-	(1,070,585)	(5,690,231)
3,228,545	-	-	1,667,357	990,050
-	54,343	18,171	(1,554,275)	(1,057,991)
11,313	48,004	-	7,992,300	12,374,641
\$ 11,313	\$ 102,347	\$ 18,171	\$ 6,438,025	\$ 11,316,650

City of Burton
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2004

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - total governmental funds	\$ (1,057,991)
---	----------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	723,819
---	---------

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. These are the effects of these differences in the treatment of long-term debt and related items.	
- Bond proceeds	(2,025,000)
- Debt principal payments	1,848,325

The net revenue of certain activities of internal service funds is reported with governmental activities.	(65,621)
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Recognition of special assessment revenue on an accrual basis	1,528,208
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Change in net assets of governmental activities	<u>\$ 951,740</u>
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See notes to financial statements.

City of Burton
Statement of Net Assets
Proprietary Funds
June 30, 2003

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>	
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,908,029	\$ 7,904,326	\$ 9,812,355	\$ 159,362
Receivables:				
Accounts	44,261	432,632	476,893	1,064
Unbilled utility charges	564,377	647,423	1,211,800	-
Tap-in contracts - current	1,725	599	2,324	-
Accrued interest	88	25,944	26,032	-
Due from other funds	222,861	193,833	416,694	195,167
Advances to other funds - current	-	90,000	90,000	-
Unamortized bond discount	26,996	-	26,996	-
Inventory	131,179	8,857	140,036	60,375
Total current assets	<u>2,899,516</u>	<u>9,303,614</u>	<u>12,203,130</u>	<u>415,968</u>
Noncurrent assets:				
Restricted cash and cash equivalents:				
Revenue bond covenant accounts	235,921	-	235,921	-
Total restricted assets	<u>235,921</u>	<u>-</u>	<u>235,921</u>	<u>-</u>
Capital assets:				
Utility system	18,594,131	34,406,837	53,000,968	-
Land and buildings	-	-	-	318,734
Vehicles	-	-	-	2,646,492
Machinery and equipment	-	-	-	510,778
Office equipment	76,271	458,490	534,761	-
Construction in progress	609,165	1,178,068	1,787,233	-
Less accumulated depreciation	(4,040,555)	(8,713,766)	(12,754,321)	(2,180,771)
Total capital assets (net of accumulated depreciation)	<u>15,239,012</u>	<u>27,329,629</u>	<u>42,568,641</u>	<u>1,295,233</u>
Other assets:				
Tap-in contracts receivable - long-term	84,500	29,336	113,836	-
Advances to other funds - long term	-	90,000	90,000	-
Total other assets	<u>84,500</u>	<u>119,336</u>	<u>203,836</u>	<u>-</u>
Total assets	<u>\$ 18,458,949</u>	<u>\$ 36,752,579</u>	<u>\$ 55,211,528</u>	<u>\$ 1,711,201</u>

See notes to financial statements.

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>	
Liabilities				
Current liabilities:				
Accounts payable	\$ 134,695	\$ 29,556	\$ 164,251	\$ 30,137
Accrued liabilities	26,395	25,306	51,701	1,442
Advances from other funds - current	90,000	-	90,000	-
Due to other funds	146,796	242,172	388,968	-
Due to other governments	-	477,735	477,735	-
Capital lease payable-current	-	-	-	24,950
Bonds payable - current	75,000	-	75,000	-
Total current liabilities	472,886	774,769	1,247,655	56,529
Noncurrent liabilities:				
Advances from other funds-long term	90,000	-	90,000	-
Capital lease payable - long term	-	-	-	249,483
Bonds payable - long term	2,300,000	-	2,300,000	-
Total noncurrent liabilities	2,390,000	-	2,390,000	249,483
Total liabilities	2,862,886	774,769	3,637,655	306,012
Net Assets				
Invested in capital assets, net of related debt	12,864,012	27,329,629	40,193,641	1,020,800
Unrestricted	2,732,051	8,648,181	11,380,232	384,389
Total net assets	15,596,063	35,977,810	51,573,873	1,405,189
Total liabilities and net assets	\$ 18,458,949	\$ 36,752,579	\$ 55,211,528	\$ 1,711,201

See notes to financial statements.

City of Burton
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2004

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>	
Operating revenues:				
Charges for services	\$ 2,428,030	\$ 654,253	\$ 3,082,283	\$ 1,663,385
Fines and forfeits	55,140	2,584	57,724	-
Sales of materials	18,542	-	18,542	189,348
Miscellaneous	8,599	704	9,303	1,515
Total operating revenues	2,510,311	657,541	3,167,852	1,854,248
Operating expenses:				
Personal services	560,717	513,426	1,074,143	94,521
Contractual services	46,689	108,550	155,239	8,413
Supplies	19,397	53,613	73,010	256,450
Materials	105,855	-	105,855	98,737
Repairs	-	18,222	18,222	102,191
Equipment rental	95,678	72,727	168,405	-
Utilities	1,423,022	-	1,423,022	7,180
Depreciation	295,100	397,881	692,981	386,966
Insurance	-	-	-	843,535
Claims	-	-	-	145,555
Miscellaneous	30,183	8,517	38,700	1,176
Total operating expense	2,576,641	1,172,936	3,749,577	1,944,724
Operating loss	(66,330)	(515,395)	(581,725)	(90,476)
Non-operating revenues (expenses):				
Special assessment revenue	2,076	-	2,076	-
Interest on investments	24,591	89,123	113,714	1,032
Interest on tap-ins	6,972	2,145	9,117	-
Interest expense and fiscal charges	(117,675)	-	(117,675)	(6,311)
Interest on long-term advances to other funds	(1,685)	1,685	-	-
Discount on revenue bonds	(1,687)	-	(1,687)	-
Gain on sale of fixed assets	-	-	-	3,381
Total non-operating revenues (expenses)	(87,408)	92,953	5,545	(1,898)
Loss before contributions and transfers	(153,738)	(422,442)	(576,180)	(92,374)
Capital contributions	600,226	705,415	1,305,641	-
Transfers in	336,624	692,300	1,028,924	38,500
Transfers out	(3,000)	-	(3,000)	(14,543)
Change in net assets	780,112	975,273	1,755,385	(68,417)
Net assets - beginning of year	14,815,951	35,002,537	49,818,488	1,473,606
Net assets - end of year	\$ 15,596,063	\$ 35,977,810	\$ 51,573,873	\$ 1,405,189

See notes to financial statements.

City of Burton
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2004

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>	
Cash flows from operating activities:				
Receipts from customers and users	\$ 2,177,095	\$ 2,474,446	\$ 4,651,541	\$ -
Receipts from interfund services provided	-	-	-	1,619,013
Payments to suppliers	(1,694,972)	(2,010,344)	(3,705,316)	(1,518,431)
Payments to employees	(555,561)	(508,582)	(1,064,143)	(94,075)
Other operating revenues	82,281	3,288	85,569	190,863
Net cash provided by (used in) operating activities	8,843	(41,192)	(32,349)	197,370
Cash flows from noncapital financing activities:				
Transfers in	336,624	692,300	1,028,924	38,500
Transfers out	(3,000)	-	(3,000)	(14,543)
Interest paid on long-term interfund advances initially used for capital activities	(1,685)	-	(1,685)	-
Payments on long-term advances from other funds	-	90,000	90,000	-
Interest on long-term advance to other funds	-	1,685	1,685	-
Net cash provided by (used in) noncapital financing activities	331,939	783,985	1,115,924	23,957
Cash flows from capital and related financing activities:				
Capital contributions	252,634	141,629	394,263	-
Acquisition and construction of capital assets	(573,083)	(871,985)	(1,445,068)	(113,345)
Proceeds from sale of capital assets	-	-	-	5,338
Interest payments on long term debt	(117,675)	-	(117,675)	-
Principal payments on bonds	(50,000)	-	(50,000)	-
Payments on capital lease	-	-	-	(32,195)
Interest paid on capital lease	-	-	-	(6,311)
Payments on long-term interfund advances initially used for capital activities	(90,000)	-	(90,000)	-
Net cash used in capital and related financing activities	(578,124)	(730,356)	(1,308,480)	(146,513)
Cash flows from investing activities:				
Interest on investments	24,546	89,617	114,163	1,032
Interest on tap-ins	6,972	2,145	9,117	-
Net cash provided by investing activities	31,518	91,762	123,280	1,032
Net increase (decrease) in cash and cash equivalents	(205,824)	104,199	(101,625)	75,846
Cash and cash equivalents - beginning of year	2,349,774	7,800,127	10,149,901	83,516
Cash and cash equivalents - end of year (including \$235,921 reported in restricted accounts in Water Fund)	\$ 2,143,950	\$ 7,904,326	\$ 10,048,276	\$ 159,362

See notes to financial statements.

(continued)

City of Burton
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended June 30, 2004

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>	
Reconciliation of operating loss to net cash provided by (used in) operating activities:				
Operating loss	\$ (66,330)	\$ (515,395)	\$ (581,725)	\$ (90,476)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	295,100	397,881	692,981	386,966
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(38,419)	(44,848)	(83,267)	(737)
Increase in unbilled utility charges	(37,349)	11,294	(26,055)	-
(Increase) decrease in due from other funds	(175,167)	(155,115)	(330,282)	(43,680)
(Increase) decrease in inventory	13,616	3,317	16,933	11,933
Increase (decrease) in accounts payable	(14,225)	(6,854)	(21,079)	10,786
Decrease in accrued liabilities	5,156	4,844	10,000	446
Decrease in due to other funds	26,461	176,943	203,404	(77,868)
Decrease in due to other governments	-	86,741	86,741	-
Total adjustments	75,173	474,203	549,376	287,846
Net cash provided by (used in) operating activities	\$ 8,843	\$ (41,192)	\$ (32,349)	\$ 197,370
Non-cash capital and related financing activities:				
Capital contributions provided by developers	\$ 340,485	\$ 571,680	\$ 912,165	\$ - 0 -
Fixed assets acquired through capital lease	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 306,629

See notes to financial statements.

City of Burton
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2004

	<u>Pension Trust Fund Employees Retirement System</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ -	\$ 111,167
Investments - fair value	3,972,285	-
	<u>3,972,285</u>	<u>111,167</u>
Total assets		
Liabilities		
Liabilities:		
Accounts payable	367	79,923
Due to other funds	-	31,244
	<u>367</u>	<u>111,167</u>
Total liabilities		
Net assets		
Held in trust for pension benefits	<u>\$ 3,971,918</u>	<u>\$ - 0 -</u>

See notes to financial statements.

City of Burton
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2004

	<u>Pension Trust Fund Employees Retirement System</u>
Additions:	
Contributions - employer	\$ 53,062
Contributions - plan members	15
Net depreciation in fair value of plan assets	188,064
Investment income	<u>111,152</u>
Total additions	<u>352,293</u>
Deductions:	
Benefit distributions	180,839
Administrator fees	<u>20,811</u>
Total deductions	<u>201,650</u>
Change in net assets	150,643
Net assets - beginning of year	<u>3,821,275</u>
Net assets - end of year	<u><u>\$ 3,971,918</u></u>

See notes to financial statements.

Notes to Financial Statements

City of Burton
Notes to Financial Statements
June 30, 2004

I. Summary of significant accounting policies

A. Reporting entity

The City of Burton was incorporated April 6, 1972, under the provisions of Act 279, P.A. 1980, as amended (Home Rule City Act). The City operates a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police, fire, and inspections), highways and streets, sanitation, parks and recreation, public improvements, planning and zoning, and general administrative services.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended component units:

City of Burton Building Authority: (Debt Service Governmental Fund)

- * Serves all citizens
- * The City appoints the governing board
- * The Authority was established for the specific purpose of financing building construction activities for the City

Discretely presented component units:

City of Burton Downtown Development Authority (DDA): (Governmental Activity)

- * Was created under State law to promote and develop the downtown area
- * City appoints governing board
- * City approves budget of Authority
- * City must approve any tax levy of the Authority
- * Surplus funds existing at termination of Authority vest to the City

City of Burton Economic Development Corporation (EDC): (Governmental Activity)

- * Was created under State law to provide financing and development opportunities for businesses located within the City
- * The City appoints the governing board and management of the Corporation
- * The City provides in-kind contributions to the Corporation
- * Surplus funds existing at the termination of the Corporation vest to the City

Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices.

Burton Downtown Development Authority
4303 S. Center Road
Burton, Michigan 48519

Burton Economic Development Corporation
4303 S. Center Road
Burton, Michigan 48519

City of Burton
Notes to Financial Statements
June 30, 2004

I. Summary of significant accounting policies - (continued)

B. Government-wide and fund financial statements:

During the year ended June 30, 2004, the City implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. The new standard requires government-wide and fund financial statements.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct* expenses are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

City of Burton
Notes to Financial Statements
June 30, 2004

I. Summary of significant accounting policies - (continued)

C. Measurement focus, basis of accounting, and financial statement presentation: - (continued)

Property taxes, income taxes, licenses, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Major and Local Street Funds account for the City's share of proceeds from gas and weight taxes levied by the State and distributed to local governmental units. State law requires that these taxes be used for street maintenance and construction. The State of Michigan has designated these funds as major governmental funds.

Police Fund accounts for the operations of the City's Police department. The operations are funded in part by a special millage and as a result, the State of Michigan requires the operations to be accounted for separately from the City's General Fund.

Paving Special Assessment Project 03-01 and 04-01 Debt Service. These governmental activity funds account for the significant paving project that was funded by the issuance of special assessment bonds.

The government reports the following major proprietary funds:

The Water Supply and Sewer Disposal System are managed by the City's Department of Public Works. Separate funds are maintained for the operations of the water distribution system and sewage collection, pumping and distribution to the County's treatment plant.

Additionally, the government reports the following fund types:

Internal service funds account for self insurance and motor pool provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

Pension Trust funds account for the accumulation of resources related to the City's defined contribution plan used for retirement benefits at appropriate amounts and times in the future. These funds accumulate resources for pension benefits financed by employee contributions.

Agency Funds account for assets held by the City as an agent for individuals, private organizations and other governments.

Pension Trusts and Agency funds are reported as fiduciary funds.

City of Burton
Notes to Financial Statements
June 30, 2004

I. Summary of significant accounting policies - (continued)

C. Measurement focus, basis of accounting, and financial statement presentation: - (continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and interest income.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer enterprise funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Budgetary data:

Budgets shown in the financial statements were prepared on the same modified accrual basis used to reflect actual results. The City employs the following procedures in establishing the budgetary data reflected in the financial statements:

1. At the first meeting in April, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them, for the General and Special Revenue Funds.
2. Public hearings are conducted at City Hall to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted on a departmental (activity) basis for the General Fund and on a functional basis for the individual Special Revenue Funds through passage of a resolution. The only exception is that budgets are adopted on a project length basis for the Community Development and Capital Improvement Special Revenue Funds.

City of Burton
Notes to Financial Statements
June 30, 2004

I. Summary of significant accounting policies - (continued)

D. Budgetary data: - (continued)

4. The Mayor or his/her designee is authorized to transfer budgeted amounts within departmental appropriation accounts, however, any revisions that alter the total expenditures of any department must be approved by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for all budgetary funds. Also, all budgets, except as noted below, are adopted on a basis consistent with generally accepted accounting principles.
6. Budget appropriations lapse at year end except for approved contracts.
7. The original budget was amended during the year in compliance with the City Charter and applicable state laws. The budget to actual expenditures in the financial statements represent the final budgeted expenditures as amended by the City.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. There were no encumbrances at year end.

E. Assets, liabilities, and net assets or equity:

1. Cash and cash equivalents, and investments

The City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Investments are stated at fair value. During the year ended June 30, 2004, the City adopted Government Accounting Standards Board Statement No. 31, "*Accounting and Reporting for Certain Investments and for External Investment Pools*," which requires the City to carry its investments at fair value.

2. Inventory

Inventories are valued at cost for governmental funds, and the lower of cost or market in proprietary funds, using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure/expense at the time individual inventory items are consumed.

3. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

City of Burton
Notes to Financial Statements
June 30, 2004

I. Summary of significant accounting policies - (continued)

E. Assets, liabilities, and net assets or equity: - (continued)

3. Capital assets – (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Improvements other than buildings	20-50
Vehicles	5
Office equipment	5
Machinery and equipment	7
Federal grant equipment	5
Infrastructure	20-50

4. Deferred revenue

Deferred revenue are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The City has reported within the Debt Service Fund Type deferred revenue in the amount of \$6,654,364 for special assessments to be collected in future years. The City has reported within the Special Revenue Fund type deferred revenue in the amount of \$10,309 for grant money collected to be spent in future years.

5. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

- Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.
- The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

City of Burton
Notes to Financial Statements
June 30, 2004

I. Summary of significant accounting policies - (continued)

E. Assets, liabilities, and fund equity: - (continued)

7. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Revenues, expenditures, and expenses:

1. Accumulated unpaid vacation and sick pay

All City employees are paid for unused sick days on an annual basis. Employees are required to take a minimum number of vacation days by December 31. The remaining available days are paid to the employee the following January.

Accumulated vested unpaid sick and vacation pay at June 30, 2004, is recorded in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is recorded in the governmental funds (generally within General Fund, Major and Local Street Special Revenue Funds, and Police Millage Special Revenue Funds) only if they have matured, for example, as a result of employee resignations and retirements.

2. Property taxes

Property taxes attach as an enforceable lien on property as of December 31. City taxes are levied on the following July 1 and are payable without penalty through September 30. The City bills and collects its own property taxes, and also taxes for the County and several school districts within its jurisdiction. Collections and remittances of the county and school taxes are accounted for in the Current Tax Agency Fund. City property tax revenues are recognized as revenues in the fiscal year levied to the extent that they are measurable and available.

3. Special assessments

Special assessments are recorded as revenues when due, rather than when levied. Estimated annual installments not yet available are reflected as deferred revenue. Special assessments are billed annually on July 1 and are due and payable September 30.

G. Comparative data reclassifications:

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative data (i.e., presentation of prior year totals by fund type) has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

City of Burton
Notes to Financial Statements
June 30, 2004

II. Reconciliation of government-wide and fund financial statements

- A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets.

One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$15,831,152 difference are as follows:

Bonds payable	\$15,430,000
Capital leases payable	260,206
Compensated absences	<u>140,946</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$15,831,152</u>

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$723,819 difference are as follows:

Capital outlay	\$ 2,687,880
Depreciation expense	(1,955,005)
Loss on disposal of capital assets	<u>(9,056)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 723,819</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$1,848,325 difference are as follows:

Principal repayments:	
General obligation debt	\$1,803,520
Capital lease	35,491
Compensated absences	<u>9,314</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$1,848,325</u>

City of Burton
Notes to Financial Statements
June 30, 2004

III. Detail notes on all funds

A. Assets and liabilities:

1. Cash and equivalents and investments

Deposits:

The City of Burton's deposits consist of various interest bearing savings and checking accounts, money market funds, and certificates of deposit. The City has a pooled cash account as well as individually held fund cash accounts. Certificates of deposits are separately held by several of the City's funds.

At year end, the carrying amount of the City's deposits was \$13,576,572, and the bank balance was \$13,880,375. Of the bank balance, \$441,432, or 3.2%, was covered by Federal Depository Insurance. The rest of the bank balance, or \$13,438,943 was not insured or collateralized.

The balance sheet classification "cash and equivalents" also includes petty cash funds totaling \$1,900.

At year end, the City's deposits and investments are reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
Cash and cash equivalents	\$9,370,675	\$ 9,812,355	\$ 111,167	\$19,294,197
Investments	585,896	-	3,972,285	4,558,181
Cash restricted	10,735	235,921	-	246,656
	<u>\$9,967,306</u>	<u>\$10,048,276</u>	<u>\$4,083,452</u>	<u>\$24,099,034</u>

	Bank deposits	\$13,576,572
	Investments	10,520,562
	Petty cash	<u>1,900</u>
		<u>\$24,099,034</u>

Deposit amounts for discretely presented component units are detailed below:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
DDA	\$157,429	\$157,429
EDC	3,721	3,721

Of the above component unit bank balances \$92,790 or 58.9% is covered by Federal Depository Insurance and \$68,360 was held in money market funds that are fully collateralized with securities held by the pledging financial institutions or by its trust department or agent, but not in the component unit's name.

City of Burton
Notes to Financial Statements
June 30, 2004

III. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

1. Cash and equivalents and investments - (continued)

Investments:

State statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, deposit agreements with federally insured financial institutions maintaining an office located within the State of Michigan, high grade commercial paper, repurchase obligations of the U.S. Government and U.S. agencies, banker's acceptances of U.S. banks, and mutual funds comprised of the above authorized investments. The City Council has adopted the above as its investment policy and has authorized the following depositories: Citizens Bank, Bank One, Standard Federal Bank, Republic Bank and Fifth Third Bank.

The City's investments are categorized to give an indication of the level of risk assumed by the entity at year end. The categories are defined as follows: category 1 includes investments that are insured or registered, or for which the securities are held by the City or its custodial agent in the City's name; category 2 includes uninsured and registered investments for which the securities are held by the counterparty's trust department or agent in the City's name; and category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent not in the City's name.

	<u>Category</u>			<u>Carrying</u>	<u>Fair</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Amount</u>	<u>Value</u>
Repurchase agreements:					
Checking sweep accounts	\$ -	\$ -	\$5,962,381	\$ 5,962,381	\$ 5,962,381
Money funds	-	231,747	-	231,747	231,746
U.S. Gov't. securities	-	696,855	-	696,855	696,855
Corporate bonds	-	609,687	-	609,687	609,687
Common stock	-	3,019,892	-	3,019,892	3,251,639
Total investments	\$ -0-	\$4,558,181	\$5,962,381	\$10,520,562	\$10,752,308

The pension trust fund owns 43.3% of investments in category 2. The other 56.7% are investments held for retiree health care benefits.

The City deals only with qualified banks and primary investment firms that adhere to the specific guidelines established by industry practice for repurchase agreements. Guidelines indicate that securities underlying repurchase agreements must have a market value of at least 102 percent of the cost of the repurchase agreement. The repurchase agreements are classified as cash equivalents in the general purpose financial statements.

City of Burton
Notes to Financial Statements
June 30, 2004

III. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

2. Receivables

Receivables as of year end for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental activities and fiduciary funds:

	<u>General</u>	<u>Major Street</u>	<u>Local Street</u>	<u>Police</u>	<u>P-03-01 Debt</u>	<u>P-04-01 Debt</u>	<u>Nonmajor Other Funds</u>	<u>Total</u>
Receivables:								
Accounts	\$ 309,427	\$ -	\$ 11,659	\$ -	\$ -	\$ -	\$ 36,735	\$ 357,821
Special assessments	-	-	-	-	2,040,012	1,284,673	3,329,679	6,654,364
Interest	-	68	77	-	102,150	15,159	148,045	265,499
Inter-governmental	888,635	419,649	97,053	62,321	-	-	88,432	1,556,090
Gross and net receivables	<u>\$1,198,062</u>	<u>\$419,717</u>	<u>\$108,789</u>	<u>\$ 62,321</u>	<u>\$2,142,162</u>	<u>\$1,299,832</u>	<u>\$3,602,891</u>	<u>\$8,833,774</u>

No allowance was deemed necessary for the outstanding receivables.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Special assessments not yet due	\$6,654,364	\$ -
Grant drawdowns not yet earned	-	10,309

Business Type Activities:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Receivables:			
Accounts – all types	\$846,284	\$958,569	\$1,804,853
Interest	88	25,944	26,032
Gross and net receivable	<u>\$846,372</u>	<u>\$984,513</u>	<u>\$1,830,885</u>

No allowance for uncollectible was deemed necessary.

City of Burton
Notes to Financial Statements
June 30, 2004

III. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

3. Capital assets

Capital asset activity for the year ended June 30, 2004 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 160,414	\$ -	\$ -	\$ 160,414
 Total capital assets, not being depreciated	 160,414	 -	 -	 160,414
 Capital assets, being depreciated:				
Buildings	5,955,056	46,499	-	6,001,555
Improvements other than buildings	965,140	13,115	-	978,255
Machinery, vehicles, and equipment	6,776,938	225,212	(117,033)	6,885,117
Infrastructure	35,683,550	2,516,400	(6,298,820)	31,901,130
 Total capital assets being depreciated	 49,380,684	 2,801,226	 (6,415,853)	 45,766,057
 Less accumulated depreciation for:				
Buildings	2,463,554	197,136	-	2,660,690
Improvements other than buildings	417,769	32,246	-	450,015
Machinery, vehicles, and equipment	3,570,151	652,389	(106,018)	4,116,522
Infrastructure	16,582,074	1,460,200	(6,298,820)	11,743,454
 Total accumulated depreciation	 23,033,548	 2,341,971	 (6,404,838)	 18,970,681
 Total capital assets, being depreciated, net	 26,347,136	 459,255	 (11,015)	 26,795,376
 Governmental activities capital assets, net	 \$26,507,550	 \$ 459,255	 \$ (11,015)	 \$26,955,790

City of Burton
Notes to Financial Statements
June 30, 2004

III. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

3. Capital assets - (continued)

***Primary Government* – (continued)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	577,974	2,213,989	(1,004,730)	1,787,233
Total capital assets, not being depreciated	577,974	2,213,989	(1,004,730)	1,787,233
Capital assets, being depreciated:				
Improvements other than buildings	51,869,879	1,131,089	-	53,000,968
Machinery and equipment	517,875	16,886	-	534,761
Total capital assets, being depreciated	52,387,754	1,147,975	-	53,535,729
Less accumulated depreciation for:				
Improvements other than buildings	11,842,939	630,792	-	12,473,731
Machinery and equipment	218,401	62,189	-	280,590
Total accumulated depreciation	12,061,340	692,981	-	12,754,321
Total capital assets, being depreciated, net	40,326,414	454,994	-	40,781,408
Business-type activities capital assets, net	<u>\$40,904,388</u>	<u>\$2,668,983</u>	<u>\$(1,004,730)</u>	<u>\$42,568,641</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

Current:

General government	\$ 229,892
Public service	1,460,200
Public safety	224,773
Public works	386,966
Parks and recreation	40,140
Planning	-

Total depreciation expense – governmental activities \$2,341,971

Business-type activities:

Water	\$ 295,100
Sewer	397,881

Total depreciation expense – business-type activities \$ 692,981

City of Burton
Notes to Financial Statements
June 30, 2004

III. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

3. Capital assets - (continued)

Construction commitments:

The government has active construction projects as of June 30, 2004. The projects include street construction in areas with newly developed housing, widening and construction of existing streets and bridges. At year end the government's commitments with contractors was not significant.

The special assessment portion of the commitment for residential street construction is being financed by special assessment bonds that will be repaid by the benefiting property owners.

Construction in progress represents water and sewer utility lines being completed. At year end, there are no unrecorded liabilities or material commitments related to these construction projects.

4. Retirement Plan - defined contribution

During the year ended June 30, 2004, the City adopted Government Accounting Standards Board Statements No. 25, "*Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*" and No. 27, "*Accounting for Pensions by State and Local Governmental Employers.*"

The City has a single employer defined contribution pension plan which covers those full-time employees that elect not to participate in the defined benefit plan as described in Note III A.5. The Plan is accounted for in a Pension Trust Fund. The plan is administered by a five member Board of Trustees, comprised of members of each of the four labor unions and one member of the City administration. The administration of the plan is also supported by an outside plan administrator, Pension Plan Services, Inc. A stand-alone plan financial report is not issued. The City's pension plan was organized pursuant to Public Act #135 of 1945, as amended, State of Michigan. Employees are eligible to participate in the pension plan after six months of service with no minimum age requirements. Employees become 100% vested after 20 months of service and are -0-% vested prior to that. The pension, as established, does not recognize prior service costs as it is based exclusively on current compensation earned by participants.

The required employer contribution for plan participants is based on a rate that is 5% less than the MERS administration rate. The employees can contribute to the plan.

During the year ended June 30, 2004, contributions totaling \$53,062 were made by the employer in accordance with contribution requirements established by the outside plan administrator. In addition, employee voluntary contributions for the year totaled \$15.

City of Burton
Notes to Financial Statements
June 30, 2004

III. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

4. Retirement Plan - defined contribution - (continued)

The fair value of the pension trust fund's cash and investments at June 30, 2004, is as follows:

	<u>Fair Value</u>
Money funds	\$ 200,745
Common stock	2,650,756
U.S. government securities	580,529
Corporate bonds	<u>540,255</u>
	<u><u>\$3,972,285</u></u>

Method used to value investments. Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair values.

All investments are handled through Merrill Lynch Corporation. There were no loans outstanding to Burton City employees at June 30, 2004.

5. Retirement plan - defined benefit

Plan description

During the year ended June 30, 1992, the City of Burton elected to participate in the Michigan Municipal Employees Retirement System (MERS) which is an agent multiple-employer public employee retirement system (PERS) that is administered by the State of Michigan. The MERS was organized pursuant to Act No. 427, Public Acts of 1984, as amended, and the Constitution of the State of Michigan. The City has no fiduciary responsibility for the plan. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system as a whole. That report may be obtained by writing to Municipal Employees' Retirement System of Michigan, 447 N. Canal Road, Lansing, Michigan 48917.

Effective dates for participation in the plan differs by employee bargaining group. The effective dates are as follows:

March 1, 1992 - AFSCME Hourly Employees and Administrative/Non-union
July 1, 1996 - Police Union (POAM and COAM) and Supervisors Union (SEIU)

Upon the effective date for each respective bargaining group, all full time employees of the City are eligible to participate in the plan.

Membership in the plan at December 31, 2003, the date of the latest actuarial valuation, is comprised of 103 active members, 9 inactive vested members, and 30 retirees and beneficiaries.

City of Burton
Notes to Financial Statements
June 30, 2004

III. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

5. Retirement plan - defined benefit - (continued)

Plan description - (continued)

The plan provides for vesting of benefits after 10 or 6 years of service. Participants may elect normal retirement at age 60 with 6 or more years of service. The plan also provides for early retirement at 25 years service, and age 55 with 15 or more years of service. Election of early retirement is subject to reduction of benefits as outlined below.

Participants of all four groups are entitled to a retirement benefit equal to the credited service at the time of membership termination multiplied by 2.25% or 2.5% of the member's final average compensation (F.A.C.). The retirement allowance is reduced by 1/2% of 1% for each complete month that the retirement date precedes the age at which full normal retirement benefits are available.

Funding policy

The plan provides that the employer/employees contribute amounts necessary to fund the actuarially determined benefits. AFSCME Union employees are required to contribute 5.63% of eligible compensation and Police Unions (POAM and COAM) are required to contribute .26% of eligible compensation. All other employee groups are not required to contribute to the plan. The City makes employer contributions in accordance with funding requirements determined by MERS' actuary. Benefit provisions and contribution obligations have been established by union contract.

The City forwarded \$88,469 of pension contributions withheld from employees during the year ended June 30, 2004.

Actuarial assumptions

The significant actuarial assumptions used to compute the actuarial accrued liabilities are as follows:

Valuation date	December 31, 2003
Actuarial cost method	Entry age normal cost method
Amortization method	Level percentage of payroll
Remaining amortization period	31 years open
Asset valuation method	5 year smoothed market
Investment rate of return	8.0 %
Projected salary increases	4.5%
Includes inflation at	4.5%
Cost of living adjustments (COLA)	up to 2.5%

City of Burton
Notes to Financial Statements
June 30, 2004

III. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

5. Retirement Plan - defined benefit - (continued)

Annual pension cost

The City's Annual Required Contribution (ARC) and Annual Pension Cost (APC) for the year ended June 30, 2004 was \$1,020,839. All employer contributions made were equal to required contributions by MERS. There was no accumulated Net Pension Obligation (NPO) at June 30, 2004. The Annual Pension Cost (APC), percentage of APC contributed, and Net Pension Obligation (NPO) for the years ended June 30, 2004, 2003, and 2002 are summarized as follows:

<u>Plan Year End</u>	<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>% of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/02	12/31/00	\$1,064,560	100.0%	\$ -
6/30/03	12/31/01	1,077,239	100.0	-
6/30/04	12/31/03	1,020,839	100.0	-

The Plan's Schedule of Funding Progress and Schedule of Employer Contributions can be found in the Required Supplementary Information section, located at page 52.

6. Long-term debt

Long-term liability activity for the year ended June 30, 2004, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Government activities					
Bonds payable:					
General obligation bonds	\$ 6,413,520	\$ -	\$ (898,520)	\$ 5,515,000	\$ 725,000
Special assessment debt with government commitment	8,795,000	2,025,000	(905,000)	9,915,000	1,105,000
Total bonds payable	15,208,520	2,025,000	(1,803,520)	15,430,000	1,830,000
Capital leases	602,326	-	(67,687)	534,639	62,409
Compensated absences (accrued liabilities)	150,260	-	(9,314)	140,946	140,946
Governmental activity long-term liabilities	<u>\$15,961,106</u>	<u>\$2,025,000</u>	<u>\$(1,880,521)</u>	<u>\$16,105,585</u>	<u>\$2,033,355</u>

City of Burton
Notes to Financial Statements
June 30, 2004

III. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

6. Long-term debt - (continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities					
Bonds payable:					
Revenue bonds	\$2,425,000	\$ -	\$ (50,000)	\$2,375,000	\$ 75,000
Total bonds payable	2,425,000	-	(50,000)	2,375,000	75,000
Business-type activity					
Long-term liabilities	\$2,425,000	\$ -0-	\$ (50,000)	\$2,375,000	\$ 75,000

General obligation debt and accrued liabilities:

The City was a participant in the county-wide sanitary sewer construction program. This program was financed by general obligation debt issued by Genesee County. The City was obligated to assume the portion of the total debt for the construction of the sewer system within its boundaries. Significant details regarding the City's obligations under this program, and details regarding other long-term accrued liabilities, are as follows:

<u>General Obligation Debt</u>	<u>Final Payment Due</u>	<u>Interest Rate or Range</u>	<u>Annual Principal Payment Varies Between</u>	<u>Outstanding Balance June 30, 2004</u>	<u>Amount Due in One Year</u>
System #1 - Trunks #2	June 1, 2008	5.25 - 5.5%	\$140,000	\$ 560,000	\$140,000
System #1 - Laterals	June 1, 2007	4.0 - 4.9	180,000	540,000	180,000
System #1 - Laterals #2	June 1, 2008	5.25 - 5.4	100,000	400,000	100,000
Michigan Act 51					
Transportation Bonds -					
1998 Series	Feb 1, 2013	4.0 - 6.0	150,000-250,000	1,900,000	150,000
Building Authority Refunding	Oct 1, 2008	4.25 - 5.0	85,000-105,000	390,000	105,000
Building Authority Bonds					
Series 2004	April 1, 2021	4.10 - 5.0	50,000-150,000	1,725,000	50,000
				5,515,000	
Capital Lease -					
2 fire engines	Oct 20, 2008	4.2 - 5.3	37,459-183,210	260,206	37,459
Capital Lease -					
3 DPW vehicles	July 10, 2012	4.94	38,506-38,507	274,433	34,950
Accumulated vacation and sick pay (see Note I F.1)				140,946	
				<u>\$6,190,585</u>	

City of Burton
Notes to Financial Statements
June 30, 2004

III. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

6. Long-term debt - (continued)

General obligation debt and accrued liabilities: - (continued)

Debt Service Requirements:

		<u>Total</u>	<u>Principal</u>	<u>Interest</u>
Year Ended	6-30-2005	\$1,074,544	\$ 787,409	\$ 287,135
	6-30-2006	1,033,480	785,720	247,760
	6-30-2007	1,188,963	980,686	208,277
	6-30-2008	764,244	603,833	160,411
	6-30-2009	437,519	305,258	132,261
	Thereafter	3,212,300	2,586,733	625,567
		<u>\$7,711,050</u>	<u>\$6,049,639</u>	<u>\$1,661,411</u>

Interest is payable on all bond obligations semi-annually, most generally on April 1 or June 1, October 1 or December 1, and August 1 or February 1. Principal installments are paid annually on February 1, April 1, June 1, or October 1. Capital lease payments are payable annually on October 20 and July 10.

Special assessment debt with governmental commitment:

The special assessment debt was issued to finance capital projects that will be repaid wholly from special assessments levied against benefited property owners. Currently, there are \$83,743 in special assessments that are considered delinquent. These delinquent assessments are part of the City's total delinquent taxes at June 30, 2004, and are expected to be paid in full by the Genesee County Revolving Fund. As additional security, the City has pledged either its limited or full faith and credit for the payment of the principal and interest thereon. Significant details regarding special assessment bonds are presented:

<u>Date of Issue</u>	<u>Final Payment Year Ended</u>	<u>Interest Rate or Range</u>	<u>Principal Amount or Range</u>	<u>Outstanding Balance June 30, 2004</u>	<u>Amount Due in One Year</u>
11-1-1985	6-30-2006	9.75%	\$ 5,000	\$ 10,000	\$ 5,000
10-1-1989	6-30-2005	7.25	25,000	25,000	25,000
5-1-1990	6-30-2005	7.5	25,000	25,000	25,000
5-1-1991	6-30-2006	5.7 - 6.2	125,000-150,000	275,000	125,000
11-1-1991	6-30-2007	4.0 - 5.5	10,000	30,000	10,000
5-1-1993	6-30-2005	5.0 - 5.3	50,000	50,000	50,000
5-1-1994	6-30-2006	5.4 - 5.8	100,000	200,000	100,000
5-1-1995	6-30-2007	5.25 - 5.65	40,000 - 45,000	130,000	40,000
5-1-1996	6-30-2008	5.15 - 5.6	60,000 - 75,000	255,000	60,000
5-1-1997	6-30-2009	4.7 - 5.2	30,000	150,000	30,000

City of Burton
Notes to Financial Statements
June 30, 2004

III. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

6. Long-term debt - (continued)

Special assessment debt with governmental commitment: - (continued)

<u>Date of Issue</u>	<u>Final Payment Year Ended</u>	<u>Interest Rate or Range</u>	<u>Principal Amount or Range</u>	<u>Outstanding Balance June 30, 2004</u>	<u>Amount Due in One Year</u>
5-1-1998	6-30-2018	4.3 - 5.2%	\$15,000 - 75,000	620,000	75,000
10-1-1998	6-30-2014	4.2 - 4.5	90,000 - 100,000	990,000	100,000
5-1-1999	6-30-2014	4.0 - 4.8	150,000 - 200,000	1,700,000	200,000
6-1-2003	6-30-2018	2.0 - 3.55	20,000 - 50,000	465,000	20,000
6-1-2003	6-30-2019	2.0 - 3.65	165,000 - 200,000	2,965,000	165,000
4-1-2004	6-30-2019	2.25 - 4.25	75,000 - 125,000	<u>2,025,000</u>	<u>75,000</u>
				<u>\$9,915,000</u>	

Debt Service Requirements:

<u>Year Ended</u>	<u>6-30-2005</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
6-30-2005	\$ 1,451,854	\$ 1,451,854	\$1,105,000	\$ 346,854
6-30-2006	1,415,511	1,415,511	1,115,000	300,511
6-30-2007	1,162,393	1,162,393	900,000	262,393
6-30-2008	1,087,201	1,087,201	855,000	232,201
6-30-2009	959,897	959,897	755,000	204,897
Thereafter	6,014,419	6,014,419	5,185,000	829,419
		<u>\$12,091,275</u>	<u>\$9,915,000</u>	<u>\$2,176,275</u>

The capital lease payable for three DPW vehicles lease is accounted for in the Governmental activities Internal Service – Motor Pool Fund. It reflects the leasing of three vehicles.

All General Obligation and Special Assessment Debt are supported by the City's "unlimited tax" or "limited tax" full faith and credit.

Business-type Activity:

Revenue bonds:

The Water Fund has revenue bonds, Series 1998, outstanding in the amount of \$2,375,000 at June 30, 2004. Significant details regarding the outstanding revenue bond is presented below:

<u>Date Of Issue</u>	<u>Final Payment Date</u>	<u>Interest Rate</u>	<u>Annual Principal Payment Range</u>	<u>Outstanding Balance June 30, 2004</u>
1998	December 1, 2019	4.3% - 5.1%	\$75,000 - \$200,000	<u>\$2,375,000</u>

City of Burton
Notes to Financial Statements
June 30, 2004

III. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

6. Long-term debt - (continued)

Debt service requirements:

		<u>Total</u>	<u>Principal</u>	<u>Interest</u>
Year Ended	6-30-2005	\$ 189,557	\$ 75,000	\$ 114,557
	6-30-2006	186,181	75,000	111,181
	6-30-2007	182,750	75,000	107,750
	6-30-2008	203,525	100,000	103,525
	6-30-2009	198,525	100,000	98,525
	Remaining years	<u>2,522,264</u>	<u>1,950,000</u>	<u>572,264</u>
		<u>\$3,482,802</u>	<u>\$2,375,000</u>	<u>\$1,107,802</u>

Interest is payable semi-annually.

Principal is paid on an annual basis.

Revenue bonds are secured by future revenues of the Water Enterprise Fund.

Interest is payable on all obligations semi-annually. Principal is paid on an annual basis.

The bonds are subject to redemption prior to maturity at the option of the City.

Act 279, Public Acts of Michigan 1909, as amended, provides that net indebtedness of cities cannot exceed 10% of the assessed real and personal property in the city. As of June 30, 2004, the City of Burton had a total debt limit of \$62,666,634. According to Act 279, the Building Authority Bonds are included in the 10% debt limit computation and all other debt incurred by the City at June 30, 2004, is specifically exempted from the computation. Therefore, the City could incur \$60,551,634 of additional general obligation debt as of June 30, 2004.

7. Risk management

The City of Burton is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries. The City participates in the Michigan Municipal League self insurance pool for general liability, property loss, professional, public officials errors and omissions liabilities. In addition, the City participates in a separate pool which provides coverage for workers' compensation claims. The City is on the reimbursement method of payment for unemployment compensation claims. The City is uninsured for acts of God and environmental cleanup losses. Settled claims for insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

City of Burton
Notes to Financial Statements
June 30, 2004

III. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

7. Risk management – (continued)

A. Self Insurance Fund – Health Care

During the year ended June 30, 2004, the City continued a self insurance health care plan. Under the plan, the City self funds the cost of claims of each employee for the first \$25,000 of annual cumulative claims or \$702,646 in total claims for the whole plan. The City has purchased commercial insurance for any claims in excess of the aggregate amounts. The City's plan has not recorded any liability for incurred, but not reported, claims due to the fact that any such claims would be covered by the reinsurance policy that is in place. The City reached the cumulative cap for self-funding of its claims, and as such, any future claims related to the year ended June 30, 2004 would be paid by the reinsurance coverage in force. The reconciliation of total claims liability during the years ended June 30, 2004 and 2003 are as follows:

	<u>2004</u>	<u>2003</u>
Claims liability beginning of fiscal year	\$ -	\$ -
Provision for incurred claims expenses	959,878	750,654
Payments made for claims	<u>(959,878)</u>	<u>(750,654)</u>
Claims liability end of fiscal year	<u>\$ -0-</u>	<u>\$ -0-</u>

B. General liability and property loss

The Michigan Municipal League self insurance risk pool operates as a common risk - sharing management program for local units of government in Michigan; member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. The City currently has a \$1,000 deductible for each and every loss on all lines of coverage. The risk pool's normal coverage will pay losses up to \$1,000,000 and the pool's reinsurance will cover losses from \$1,000,000 to \$5,000,000. Any liability for losses which exceed this amount would remain with the City. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years, therefore, an adjustment for incurred but not reported claims has not been accrued.

C. Workers compensation

The City is a member of the Michigan Municipal Workers Compensation Self Insurer's Fund. Premiums from participants are combined to provide all members with coverage for claims. The premiums and interest thereon are used to pay claims, administrative expenses and to purchase reinsurance to protect the fund from exceptionally large losses. In the event of a deficit in a fund year assessments could be made against the members. The City has never incurred any losses which exceeded the insured amount.

City of Burton
Notes to Financial Statements
June 30, 2004

III. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

8. Other post-employment benefits

Substantially all employees of the AFSCME, SEIU, POAM, COAM and Administrative group are eligible for other post-employment benefits. To be eligible, employees at the time of retirement must have obtained a minimum combined number of total of age and years of service points. For retirements prior to July 1, 2001, the City provides a \$100/month stipend towards health insurance coverage to retirees paid by various funds. These benefits are provided by a contractual agreement and are paid annually by various funds. The amounts are recorded as an expenditure when the fund liability is incurred. The benefit amounts incurred totaled \$3,600 during the year ended June 30, 2004. There were three eligible retirees at June 30, 2004.

Any employee that retires after June 30, 2001 has the option to be covered by the City's Retirement Health Care Special Revenue Fund. Currently, the City had 14 retirees eligible to participate during the year ended June 30, 2004 and the expenditures amounted to \$62,805.

B. Revenues and expenditures:

Property taxes

Property taxes are levied based on assessed values of property located in the City. Assessed values are established annually and equalized by the state at an estimated 50% of current market value. A comparison of assessed and taxable property values for the 2002 tax levy is as follows:

	<u>Assessed Value</u>	<u>Taxable Value</u>
Real property	\$694,114,900	\$564,377,540
Personal property	62,288,800	62,288,800
Total	<u>\$756,403,700</u>	<u>\$626,666,340</u>

The City is permitted by charter to levy up to \$5.00 (5 mills) per \$1,000 of state equalized value for general governmental services and \$2.00 (2 mills) per \$1,000 for development of the downtown district (DDA - a component unit). For the year ended June 30, 2004, the City and the DDA levied 4.7450 mills for general government services and 1.8923 mills for development of the downtown district, respectively. Beginning in 1984, the voters approved an additional levy of \$1.00 (1 mill) per \$1,000 of state equalized value to be levied for police services. For the year ended June 30, 2004, the City levied .9488 mills for police services. The police millage was approved in November 2003 for another 20 years starting with the 2004 tax levy. The Act 51 debt is backed by future intergovernmental Act 51 funds and other General Funds of the City. For the year ended June 30, 2004, \$1.1000 per \$1,000 of state equalized valuation was being levied for long-term debt retirement.

City of Burton
Notes to Financial Statements
June 30, 2004

III. Detail notes on all funds - (continued)

C. Individual fund interfund advances receivable and payable:

Individual fund interfund advances receivable and payable balances at June 30, 2004, are shown below:

	<u>Advance Receivable</u>	<u>Advance Payable</u>
Enterprise Funds:		
Water Utility Fund	\$ -	\$180,000
Sewer Utility Fund	180,000	-
	<u>\$180,000</u>	<u>\$180,000</u>

D. Interfund receivables and payables:

The composition of interfund balances as of June 30, 2004 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Retiree Health Care	\$ 3,053
	Capital Improvement	38
	Community Development	2,299
	Debt-P-02-2	4,512
	Capital Project - P-99-1	779
	Capital Project - P-00-3	571
	Capital Project - P-02-2	1,959
	Capital Project - P-03-1	3,297
	SS - 03-1	4,292
	Capital Project - P-04-1	406
	Capital Project - SS-04-1	7,400
	Capital Project - W-01-1	184
	Capital Project - W-03-01	3,599
	Water Utility	122,559
	Trust & Agency	31,244
Major Street	General	107,013
Local Street	General	167,245
	Major Street	88,162
Police Millage	General	126,610
	F.A.N.G.	6,496
Rubbish Collection and Disposal	General	358
Building Department	General	15,805
Debt - P-89-1	General	3,500
Debt - P-89-4	General	2,000
Debt - P-89-6	General	2,000

City of Burton
Notes to Financial Statements
June 30, 2004

III. Detail notes on all funds - (continued)

D. Interfund receivables and payables: - (continued)

Due to/from other funds: - (continued)

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Debt - P-89-7	General	3,000
Debt - P-92-9	General	201
Debt - P-93-24	General	500
Debt - P-93-29	General	500
Debt - W-91-1	Water	3,000
Water Utility	Sewer Utility	222,861
Sewer Utility	General	193,833
Motor Pool	General	56,751
	Major Street	55,721
	Local Street	28,727
	Police Millage	11,799
	Water Utility	21,237
	Sewer Utility	19,311
Self Insurance Health Care	General	<u>1,621</u>
Total		<u><u>\$1,324,443</u></u>

Due to/from primary government and component units:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Primary government – General Fund	Component unit – Downtown Development Authority	<u><u>\$ 1,560</u></u>

City of Burton
Notes to Financial Statements
June 30, 2004

IV. Summary disclosure of significant contingencies and commitments

Contingent liabilities:

1. Federal programs

The City participates in various federally assisted programs. These programs are subject to compliance audits in accordance with the Single Audit Act. A single audit was required since the City expended more than \$300,000 in federal funds. The amount, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time, although, the City expects such amounts to be immaterial.

2. Special assessment projects

The City also is involved in many special assessment improvement projects, whereby property owners benefiting from the improvement are assessed their fair share of the project cost. In accordance with state law, project assessments that exceed total actual costs by more than 5% are required to be adjusted downward to actual cost. Property owners who may have paid the assessment in full are refunded their pro-rata share of the over-assessment. As of June 30, 2004, the determination of compliance with the 5% rule for several projects in progress had not yet been made. Management believes that the potential liability to the City for repayment of over-assessments, if any, would not materially affect the operations or financial condition of the City.

V. Construction code revenues/expenditures

The State Construction Code Act, Michigan Public Act 245 of 1999, and rules promulgated by the Department of Treasury regarding that Act, require that a local unit's fees collected from construction code permits be accounted for in a method which shows that all of these fees were used for expenditures related to the operation of the enforcing agency. The rules indicated that if the revenues exceeded the expenditures, the fees collected must be kept in a separate fund with all the revenues and expenditures accounted for in that fund. These rules allowed for monitoring these funds in a separate activity center within the General Fund if the expenditures would normally exceed revenues. The City chose to include the revenues and expenditures in a separate fund. The activity related to construction code activity for the year ended June 30, 2004 is as follows:

Construction permit revenue	\$287,288
Expenditures:	
Professional services	<u>325,747</u>
Revenue over (under) expenditures	
Before operating transfers	<u>\$ (38,459)</u>

City of Burton
Notes to Financial Statements
June 30, 2004

VI. Federal awards

It is required by the Michigan Department of Transportation (MDOT) that governmental units report total federal awards for Highway Research, Planning and Construction pertaining to their unit. However, only the federal awards applicable to force account expenditures are required to be audited for compliance under the Single Audit Act. The reason for this requirement is that the City is required to have accounting and administrative control over the force account portion while the balance is administered by MDOT.

During the year ended June 30, 2004, the City of Burton did have \$300,000 in total federal awards. As a result, an audit for compliance under the Single Audit Act has been performed.

VII. Budget compliance

The City incurred expenditures over amended budget amounts for the following legally adopted activities:

	<u>Amended Budget</u>	<u>Actual</u>	<u>Actual over Budget</u>
General Fund:			
Public service	\$ 403,930	\$ 430,983	\$ 27,053
Transfers out	3,475,257	3,604,034	128,777
Police Millage Special Revenue:			
Fringe benefits	1,378,341	1,441,879	63,538

VIII. Net asset restatement

The total net assets for the City for the year ended June 30, 2003 were restated to properly report accumulated depreciation on capital assets. Total net assets at June 30, 2003 were restated to \$78,072,356 from \$94,654,430 to report \$16,582,074 of accumulated depreciation on infrastructure through that date.

**Required Supplementary
Information Section**

City of Burton
Required Supplementary Information
Analysis of Funding Progress

Pension Plan
Schedule of Funding Progress

<u>Plan Year End</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability Entry Age (AAL) (b)</u>	<u>Unfunded (Over funded) AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as % of Covered Payroll (b-a)/c</u>
6/30/02	12/31/00	\$7,601,881	\$19,199,049	\$11,597,168	39.6%	\$4,063,195	285.4%
6/30/03	12/31/01	9,087,576	21,607,647	12,520,071	42.1	3,987,308	314.0
6/30/04	12/31/03	11,693,562	25,665,808	13,972,246	45.6	4,499,892	310.5

Pension Plan
Schedule of Employer Contributions

<u>Plan Year End</u>	<u>Actuarial Valuation Date</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percent Contributed</u>
6/30/02	12/31/00	\$1,064,560	100.0%
6/30/03	12/31/01	1,077,239	100.0
6/30/04	12/31/03	1,020,839	100.0

**City of Burton
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2004
With Comparative Actual Totals for the Year Ended June 30, 2003**

	2004			Variance-	2003
	Budget Amounts			Under	Actual
	Original	Final	Actual	(Over)	
Revenues:					
Taxes	\$ 2,977,000	\$ 2,977,000	\$ 2,966,921	\$ (10,079)	\$ 2,857,745
Licenses and permits	295,000	295,000	286,686	(8,314)	273,534
Intergovernmental - federal	52,000	52,000	40,800	(11,200)	-
Intergovernmental - state	2,924,000	2,924,000	2,671,033	(252,967)	2,974,857
Charges for services	329,200	329,200	312,855	(16,345)	306,079
Fines and forfeits	115,000	115,000	105,520	(9,480)	94,835
Interest	50,000	50,000	9,468	(40,532)	19,947
Miscellaneous	38,000	47,930	54,271	6,341	59,083
Total revenues	6,780,200	6,790,130	6,447,554	(342,576)	6,586,080
Expenditures:					
Current:					
General government	2,069,130	2,099,440	2,000,542	98,898	1,904,436
Public service	394,000	403,930	430,983	(27,053)	506,308
Public safety	697,340	703,881	662,986	40,895	707,943
Parks and recreation	108,375	108,375	60,582	47,793	100,128
Planning	96,250	96,250	90,016	6,234	83,586
Total expenditures	3,365,095	3,411,876	3,245,109	166,767	3,302,401
Excess (deficiency) of revenues over expenditures	3,415,105	3,378,254	3,202,445	(175,809)	3,283,679
Other financing sources (uses):					
Sale of property and equipment	10,000	10,000	14,931	4,931	24,440
Transfers in	23,350	23,350	25,354	2,004	137,906
Transfers out	(3,448,455)	(3,475,257)	(3,604,034)	(128,777)	(3,256,816)
Total other financing uses	(3,415,105)	(3,441,907)	(3,563,749)	(121,842)	(3,094,470)
Deficiency of revenues over expenditures and other financing uses	-	(63,653)	(361,304)	(297,651)	189,209
Fund balance - beginning of year	2,081,898	2,081,898	2,081,898	-	1,892,689
Fund balance - end of year	\$ 2,081,898	\$ 2,018,245	\$ 1,720,594	\$ (297,651)	\$ 2,081,898

**City of Burton
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2004
With Comparative Actual Totals for the Year Ended June 30, 2003**

	2004			Variance-	2003
	Budget Amounts			Under	Actual
	Original	Final	Actual	(Over)	
General government:					
City council:					
Council salaries	\$ 58,320	\$ 60,769	\$ 60,769	\$ -	\$ 57,340
Fringe benefits	57,450	48,316	48,316	-	51,358
Board of review	2,500	2,008	2,008	-	2,043
Office supplies	1,000	439	439	-	809
Postage	250	4	4	-	2
Audit	15,500	14,696	14,696	-	12,992
Legal	30,000	44,952	49,089	(4,137)	30,782
Conference and workshop	7,000	3,609	3,609	-	1,179
Insurance and bonds	85,000	85,785	85,785	-	77,782
Contractual services	2,500	-	-	-	-
Notices	4,000	6,390	6,390	-	5,486
Membership and dues	18,000	18,455	18,455	-	17,566
Miscellaneous	1,000	977	977	-	-
Total city council	282,520	286,400	290,537	(4,137)	257,339
Mayor's office:					
Mayor's salary	62,500	66,300	66,292	8	62,686
Salaries	73,370	74,274	70,427	3,847	76,792
Fringe benefits	99,800	100,415	95,355	5,060	92,054
Office supplies and postage	5,750	5,750	4,692	1,058	3,863
Capital outlay	1,000	1,000	-	1,000	-
Contractual service	4,750	3,750	2,727	1,023	2,978
Auto repair	1,500	2,800	2,632	168	1,363
Gas and oil	1,750	1,650	942	708	1,211
Conference and workshop	6,000	7,750	7,737	13	9,143
Dues and membership	1,500	1,500	964	536	1,251
Miscellaneous	3,000	2,800	2,420	380	1,797
Total mayor's office	260,920	267,989	254,188	13,801	253,138
Controller's department:					
Controller's salary	33,745	26,188	25,340	848	34,780
Salaries - permanent	106,440	116,342	116,340	2	107,572
Fringe benefits	94,975	95,990	94,950	1,040	90,242
Office supplies	5,000	5,000	2,646	2,354	2,383
Postage	400	400	239	161	292
Capital outlay	1,000	1,000	-	1,000	-
Conference and workshop	1,500	1,500	896	604	1,408
Contractual service	5,000	5,000	4,247	753	5,244
Membership and dues	800	800	495	305	576
Total controller's department	248,860	252,220	245,153	7,067	242,497

(continued)

**City of Burton
General Fund
Schedule of Expenditures Compared to Budget (continued)
For the Year Ended June 30, 2004
With Comparative Actual Totals for the Year Ended June 30, 2003**

	2004			Variance-	2003
	Budget Amounts			Under	Actual
	Original	Final	Actual	(Over)	
General government: - (continued)					
Assessor's department:					
Assessor's salary	63,670	65,608	65,604	4	67,585
Salaries - permanent	75,820	78,635	78,631	4	77,862
Fringe benefits	107,290	108,930	108,929	1	91,781
Office supplies	1,200	850	843	7	1,586
Postage	6,700	6,890	6,883	7	6,538
Capital outlay	1,500	500	497	3	15,439
Contractual service	5,500	4,150	4,120	30	4,000
Deed recording	1,700	1,550	1,533	17	1,520
Auto repair	1,000	810	804	6	670
Conference and workshop	1,500	1,250	1,246	4	-
Gas and oil	250	220	212	8	93
Auto wash	50	10	10	-	-
Economic development	8,500	8,050	8,000	50	8,000
Membership and dues	1,200	750	740	10	735
Equipment repair	250	25	-	25	-
Total assessor's department	276,130	278,228	278,052	176	275,809
Elections:					
Salaries - permanent	53,870	53,870	51,260	2,610	53,758
Fees per diem	28,500	27,425	13,479	13,946	28,140
Fringe benefits	44,625	43,625	39,449	4,176	35,640
Election supplies	5,000	6,000	5,910	90	2,327
Postage	3,570	3,570	2,019	1,551	2,284
Contractual service	4,000	4,000	1,471	2,529	5,340
Auto allowance	125	125	29	96	15
Conference and workshop	1,000	1,000	137	863	-
Notices	1,000	1,000	-	1,000	-
Equipment rental	800	800	219	581	501
Capital outlay	72,000	73,075	73,058	17	-
Total elections	214,490	214,490	187,031	27,459	128,005

(continued)

City of Burton
General Fund
Schedule of Expenditures Compared to Budget (continued)
For the Year Ended June 30, 2004
With Comparative Actual Totals for the Year Ended June 30, 2003

	2004		Variance- Under (Over)	2003 Actual	
	Budget Amounts				
	Original	Final			Actual
General government: - (continued)					
Clerk's department:					
Clerk's salary	51,250	52,731	52,723	8	53,388
Salaries - permanent	17,960	18,410	18,397	13	17,355
Fringe benefits	48,100	46,600	45,349	1,251	40,970
Office supplies	1,750	2,900	2,885	15	2,548
Postage	500	500	368	132	171
Contractual services	250	250	89	161	1,002
Conference and workshop	1,000	1,000	591	409	516
Dues and membership	400	400	377	23	372
Auto allowance	100	100	-	100	-
Miscellaneous	300	300	39	261	-
Capital outlay	1,500	1,500	978	522	-
Total clerk's department	123,110	124,691	121,796	2,895	116,322
Treasurer's department:					
Treasurer's salary	33,745	33,808	25,315	8,493	34,780
Salaries - permanent	96,105	98,387	98,383	4	99,815
Fringe benefits	92,265	93,280	84,648	8,632	88,090
Office supplies	4,000	4,000	3,441	559	2,428
Postage	10,500	10,500	9,704	796	9,379
Capital outlay	1,500	1,525	1,505	20	-
Contractual service	5,250	5,675	5,661	14	7,316
Tax roll expense	15,000	15,000	14,594	406	10,352
Conference and workshop	1,500	1,050	922	128	1,291
Total treasurer's department	259,865	263,225	244,173	19,052	253,451
City hall and grounds:					
Salaries	64,600	71,772	71,762	10	64,349
Fringe benefits	46,410	41,000	40,981	19	35,327
Office supplies	10,000	10,000	9,387	613	12,783
Building maint. and supplies	9,000	9,350	9,348	2	14,174
Capital outlay	3,000	8,000	6,057	1,943	2,756
Contractual services	20,000	16,750	14,328	2,422	13,867
Janitorial service	14,000	17,525	17,520	5	11,924
Utilities	45,000	42,900	35,338	7,562	37,616
Maintenance of grounds	4,000	4,000	2,334	1,666	1,026
Building insurance	3,500	3,500	2,759	741	2,502
Equipment rental	7,500	7,500	5,911	1,589	6,418
Total city hall and grounds	227,010	232,297	215,725	16,572	202,742

(continued)

City of Burton
General Fund
Schedule of Expenditures Compared to Budget (continued)
For the Year Ended June 30, 2004
With Comparative Actual Totals for the Year Ended June 30, 2003

	2004				
	Budget Amounts			Variance-	2003
	Original	Final	Actual	Under	Actual
				(Over)	
General government: - (continued)					
Other city property:					
Salaries	6,600	5,850	5,374	476	5,380
Coordinator salary	45,580	44,570	44,568	2	46,909
Fringe benefits	41,145	43,400	43,382	18	37,619
Supplies	15,000	18,720	18,719	1	20,525
Contractual service	12,500	12,500	10,805	1,695	11,051
Utilities	21,000	21,000	19,355	1,645	20,258
Repair and maintenance	17,000	16,460	11,112	5,348	21,235
Equipment rental	8,000	8,000	6,679	1,321	6,208
Building insurance	2,500	2,500	2,177	323	1,974
Conference and workshop	500	500	34	466	299
Capital outlay	4,000	4,000	-	4,000	1,922
Sewer payments	2,400	2,400	1,682	718	1,753
Total other city property	176,225	179,900	163,887	16,013	175,133
Total general government	2,069,130	2,099,440	2,000,542	98,898	1,904,436
Public safety:					
Fire department:					
Fire Chief salary	52,950	57,000	56,978	22	57,432
Salaries - permanent	76,240	79,879	79,878	1	80,111
Part-time firemen	208,450	198,530	173,116	25,414	189,533
Fringe benefits	124,000	132,772	132,770	2	135,247
Uniforms	20,000	15,475	7,373	8,102	11,531
Operating supplies	20,000	19,275	19,261	14	25,135
Contractual services	7,000	5,375	3,823	1,552	9,791
Building supplies and maint.	20,000	14,980	14,399	581	8,314
Equipment repair	7,200	4,330	3,617	713	5,533
Truck repair	15,000	26,875	26,865	10	20,775
Conference and workshop	7,000	6,000	3,970	2,030	8,926
Gas and oil	8,500	10,400	10,397	3	8,177
Utilities	27,000	28,670	28,664	6	27,344
Sewer payments	3,000	2,700	2,680	20	2,649
Miscellaneous	2,750	2,750	1,392	1,358	498
Dues and membership	4,500	4,300	4,271	29	4,186
Building insurance	1,750	1,900	1,876	24	1,701
Truck insurance and liability	16,000	15,650	15,646	4	14,186
Training	6,500	6,500	6,120	380	11,631
Equipment rental	6,000	7,120	7,113	7	5,382
Prevention	6,500	6,500	6,011	489	7,233
Capital outlay	57,000	56,900	56,766	134	72,628
Total fire department	697,340	703,881	662,986	40,895	707,943
Total public safety	697,340	703,881	662,986	40,895	707,943
(continued)					

(continued)

City of Burton
General Fund
Schedule of Expenditures Compared to Budget (continued)
For the Year Ended June 30, 2004
With Comparative Actual Totals for the Year Ended June 30, 2003

	2004				
	Budget Amounts			Variance- Under	2003
	Original	Final	Actual	(Over)	Actual
Public service:					
Capital outlay	-	-	-	-	93,871
Weed cutting	20,000	33,082	33,082	-	19,052
Drains at large	35,000	51,272	51,272	-	38,843
Street lighting	313,000	284,260	311,313	(27,053)	305,313
Memorial Day parade	25,000	34,928	34,928	-	32,400
Tree Lighting Ceremony	500	-	-	-	195
Holiday decorations	-	-	-	-	14,301
Corridor study	-	-	-	-	1,947
Disaster aid	500	388	388	-	386
Total public service	394,000	403,930	430,983	(27,053)	506,308
Parks and recreation:					
Parks & rec. - directors salary	11,645	11,645	6,885	4,760	12,543
Salaries permanent	2,905	2,905	2,730	175	3,650
Fringe benefits	10,325	10,325	8,662	1,663	10,857
Operating supplies	5,000	5,000	3,989	1,011	5,178
Equipment rental	9,500	11,000	10,890	110	8,416
Maintenance of grounds	18,000	16,500	16,499	1	12,210
Commission	25,000	25,000	10,460	14,540	37,638
Park projects	25,000	25,000	-	25,000	8,821
Miscellaneous	1,000	1,000	467	533	815
Total parks and recreation	108,375	108,375	60,582	47,793	100,128
Planning:					
Zoning and planning commission:					
Salaries	27,290	26,790	25,853	937	24,937
Fringe benefits	13,900	14,400	14,319	81	13,212
Supplies and postage	1,000	1,000	607	393	553
Notices	5,000	4,925	4,562	363	2,057
Contractual services	3,000	3,075	3,061	14	-
Conference and workshop	1,500	1,500	38	1,462	394
Total zoning and planning	51,690	51,690	48,440	3,250	41,153

(continued)

City of Burton
General Fund
Schedule of Expenditures Compared to Budget (continued)
For the Year Ended June 30, 2004
With Comparative Actual Totals for the Year Ended June 30, 2003

	2004				
	Budget Amounts			Variance- Under (Over)	2003 Actual
	Original	Final	Actual		
Planning: - (continued)					
Zoning appeal board:					
Salaries	26,660	25,935	25,769	166	25,096
Fringe benefits	13,400	14,325	14,318	7	13,225
Supplies and postage	1,500	1,500	1,279	221	1,627
Contractual services	500	500	-	500	-
Conference and workshop	1,500	1,300	107	1,193	1,637
Notices	1,000	1,000	103	897	848
Total zoning appeal board	44,560	44,560	41,576	2,984	42,433
Total planning	96,250	96,250	90,016	6,234	83,586
Total expenditures	\$ 3,365,095	\$3,411,876	\$ 3,245,109	\$ 166,767	\$ 3,302,401

City of Burton
Major Street Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2004
With Comparative Actual Amounts for the Year Ended June 30, 2003

	2004				
	Budget Amounts			Variance	2003
	Original	Final	Actual	Under (Over)	Actual
Revenues:					
Intergovernmental revenue:					
Federal	\$ -	\$ 163,189	\$ 91,424	\$ (71,765)	\$ -
State	1,909,600	1,949,600	2,114,916	165,316	1,430,426
Interest	25,000	24,900	16,260	(8,640)	18,798
Miscellaneous	-	100	70	(30)	-
Total revenues	1,934,600	2,137,789	2,222,670	84,881	1,449,224
Expenditures:					
Current:					
Public works:					
Highways and streets:					
Surface maintenance	332,500	290,000	258,742	31,258	153,169
Trees and shrubs	21,250	27,200	26,899	301	5,912
Drainage	94,225	143,400	143,071	329	86,477
Roadside cleanup	5,950	33,375	32,949	426	22,960
Grass and weeds	30,625	825	79	746	4,597
Traffic signs and controls	161,500	92,200	74,893	17,307	69,736
Pavement marking	35,000	43,650	43,614	36	17,224
Winter maintenance	227,200	251,650	226,858	24,792	108,868
Administration	94,400	121,086	116,820	4,266	81,045
Total public works	1,002,650	1,003,386	923,925	79,461	549,988
Capital outlay	647,500	1,108,787	127,632	981,155	104,040
Total expenditures	1,650,150	2,112,173	1,051,557	1,060,616	654,028
Excess of revenues over expenditures	284,450	25,616	1,171,113	1,145,497	795,196
Other financing uses:					
Transfers out	(720,475)	(810,065)	(808,694)	1,371	(608,220)
Excess (deficiency) of revenues over expenditures and other financing uses	(436,025)	(784,449)	362,419	1,146,868	186,976
Fund balance - beginning of year	1,502,909	1,502,909	1,502,909	-	1,315,933
Fund balance - end of year	\$ 1,066,884	\$ 718,460	\$ 1,865,328	\$ 1,146,868	\$ 1,502,909

City of Burton
Local Street Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2004
With Comparative Actual Amounts for the Year Ended June 30, 2003

	2004			Variance	2003
	Budget Amounts			Under	Actual
	Original	Final	Actual	(Over)	
Revenues:					
Intergovernmental revenue:					
State	\$ 544,150	\$ 544,150	\$ 639,538	\$ 95,388	\$ 538,426
Interest	7,000	7,000	6,446	(554)	6,956
Miscellaneous	1,000	1,000	252	(748)	61
Total revenues	552,150	552,150	646,236	94,086	545,443
Expenditures:					
Current:					
Public works:					
Highways and streets:					
Surface maintenance	475,600	401,425	211,570	189,855	361,609
Trees and shrubs	43,300	40,200	18,646	21,554	30,116
Drainage	136,500	161,500	149,480	12,020	108,793
Roadside cleanup	11,250	13,275	11,131	2,144	31,403
Grass and weeds	8,500	7,500	119	7,381	2,284
Traffic signs and controls	78,400	70,900	24,695	46,205	30,209
Winter maintenance	179,500	223,500	171,104	52,396	129,701
Administration	96,500	111,986	103,427	8,559	68,553
Total public works	1,029,550	1,030,286	690,172	340,114	762,668
Capital outlay	-	-	-	-	19,215
Total expenditures	1,029,550	1,030,286	690,172	340,114	781,883
Excess (deficiency) of revenues over expenditures	(477,400)	(478,136)	(43,936)	434,200	(236,440)
Other financing sources (uses):					
Transfers in	477,400	477,400	516,179	38,779	369,854
Transfers out	-	(49,588)	(49,588)	-	-
Total other financing sources (uses)	477,400	427,812	466,591	38,779	369,854
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	-	(50,324)	422,655	472,979	133,414
Fund balance - beginning of year	738,217	738,217	738,217	-	604,803
Fund balance - end of year	\$ 738,217	\$ 687,893	\$ 1,160,872	\$ 472,979	\$ 738,217

City of Burton
Police Millage Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2004
With Comparative Actual Amounts for the Year Ended June 30, 2003

	2004		Variance Under (Over)	2003 Actual
	Original and Final Budget Amounts	Actual		
Revenues:				
Taxes	\$ 594,470	\$ 591,853	\$ (2,617)	\$ 571,592
Intergovernmental revenue:				
Federal	90,575	48,008	(42,567)	53,493
State	12,125	12,281	156	12,127
Local	78,000	36,229	(41,771)	30,536
Charges for services - contracts	53,800	54,075	275	52,500
Interest	6,000	1,029	(4,971)	2,305
Fines and foreits				
Forfeitures and other	25,000	24,469	(531)	18,172
Ordinance fines	175,000	136,059	(38,941)	141,209
Total revenues	1,034,970	904,003	(130,967)	881,934
Expenditures:				
Current:				
Public safety:				
Police Chief salary	68,861	68,861	-	67,224
Lieutenants' salaries	115,369	115,369	-	59,744
Sergeants' salaries	300,636	300,636	-	277,180
Salaries - permanent	1,495,152	1,495,152	-	1,507,809
Fringe benefits	1,378,341	1,441,879	(63,538)	1,140,353
Office supplies and postage	20,568	20,568	-	21,019
Ammunition	9,346	9,346	-	11,116
Uniforms	27,348	27,348	-	27,921
Operating supplies	26,927	26,927	-	21,539
Equipment repair	3,947	3,947	-	3,935
Courtland Center costs	42,381	42,381	-	41,493
DARE project costs	81,544	81,544	-	64,532
F.A.N.G. project costs	-	-	-	5,696
Contractual service	57,600	57,600	-	45,557
Auto repair	59,631	59,631	-	77,147
Conference and workshop	249	249	-	2,381
Gas and oil	54,373	54,373	-	49,505
Utilities and building repairs	58,544	58,544	-	59,091
Sewer payments	959	959	-	1,193
Auto wash	3,664	3,664	-	3,154
Saturation patrol	16,906	16,906	-	11,973
Auto insurance	93,452	93,452	-	84,727
Miscellaneous	1,490	1,490	-	2,269
Legal	72,931	72,931	-	71,329
Dues and membership	916	916	-	2,198

(continued)

City of Burton
Police Millage Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (continued)
For the Year Ended June 30, 2004
With Comparative Actual Amounts for the Year Ended June 30, 2003

	2004			
	Original and Final Budget Amounts	Actual	Variance Under (Over)	2003 Actual
Training	20,244	20,244	-	19,353
Equipment rental	4,659	4,659	-	4,552
Narcotics investigation	8,336	8,336	-	12,824
Total public safety	4,024,374	4,087,912	(63,538)	3,696,814
Capital outlay	44,636	44,636	-	38,574
Total expenditures	4,069,010	4,132,548	(63,538)	3,735,388
Deficiency of revenues over expenditures	(3,034,040)	(3,228,545)	(194,505)	(2,853,454)
Other financing sources (uses):				
Transfers in	3,227,775	3,385,875	158,100	3,017,662
Transfers out	(193,735)	(157,330)	36,405	(164,208)
Total other financing sources	3,034,040	3,228,545	194,505	2,853,454
Excess of revenues and other financing sources over expenditures	-	-	-	-
Fund balance - beginning of year	11,313	11,313	-	11,313
Fund balance - end of year	\$ 11,313	\$ 11,313	\$ - 0 -	\$ 11,313

City of Burton
Notes to Required Supplementary Information
June 30, 2004

Summary of Significant Accounting Policies – Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

The budgets for the General Fund and the Major Streets, the Local Streets, and the Police Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

**Combining Fund and Individual
Financial Statements**

Nonmajor Governmental Funds

**City of Burton
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2004**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
Assets				
Cash and cash equivalents:				
Unrestricted	\$ 16,829	\$ 3,648,500	\$ 2,169,624	\$ 5,834,953
Restricted	-	-	426	426
Investments	585,896	-	-	585,896
Receivables:				
Accounts	2,895	1,532	-	4,427
Special assessments	-	3,329,679	-	3,329,679
Accrued interest	-	148,045	-	148,045
Due from other funds	16,163	14,701	-	30,864
Due from other governments	88,432	-	-	88,432
Total assets	\$ 710,215	\$ 7,142,457	\$ 2,170,050	\$ 10,022,722
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 83,017	\$ 13	\$ 120,794	\$ 203,824
Payable from restricted assets - construction contract	-	-	426	426
Accrued liabilities	10,302	-	1,581	11,883
Due to other funds	11,886	4,512	22,487	38,885
Deferred revenue	-	3,329,679	-	3,329,679
Total liabilities	105,205	3,334,204	145,288	3,584,697
Fund balances:				
Reserved:				
Reserved for retiree health care	582,355	-	-	582,355
Reserved for debt service	-	3,808,253	-	3,808,253
Unreserved:				
Designated for building department	5,000	-	-	5,000
Undesignated	17,655	-	2,024,762	2,042,417
Total fund balances	605,010	3,808,253	2,024,762	6,438,025
Total liabilities and fund balances	\$ 710,215	\$ 7,142,457	\$ 2,170,050	\$ 10,022,722

City of Burton
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2004

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ -	\$ 687,489	\$ -	\$ 687,489
Special assessments	-	496,260	-	496,260
Licenses and permits	245,143	-	-	245,143
Intergovernmental revenue:				
Federal	601,167	-	-	601,167
State	-	20,619	-	20,619
Local	461,724	-	-	461,724
Charges for services	1,542,204	-	-	1,542,204
Net investment income	18,126	-	-	18,126
Interest	13,242	179,164	31,164	223,570
Miscellaneous	4,336	-	-	4,336
Total revenues	2,885,942	1,383,532	31,164	4,300,638
Expenditures:				
Current:				
General government	66,059	-	-	66,059
Public service	1,293,728	-	-	1,293,728
Public safety	1,321,024	-	-	1,321,024
Capital outlay	92,679	-	2,368,096	2,460,775
Debt service:				
Principal retirement	-	1,803,521	-	1,803,521
Interest and fiscal charges	-	577,163	-	577,163
Total expenditures	2,773,490	2,380,684	2,368,096	7,522,270
Excess (deficiency) of revenues over expenditures	112,452	(997,152)	(2,336,932)	(3,221,632)
Other financing sources (uses):				
Bond proceeds	-	-	2,025,000	2,025,000
Transfers in	74,866	522,591	115,485	712,942
Transfers out	(25,354)	(16,307)	(1,028,924)	(1,070,585)
Total other financing sources	49,512	506,284	1,111,561	1,667,357
Excess (deficiency) of revenues and other financing sources over expenditures	161,964	(490,868)	(1,225,371)	(1,554,275)
Fund balances - beginning of year	443,046	4,299,121	3,250,133	7,992,300
Fund balances - end of year	\$ 605,010	\$ 3,808,253	\$ 2,024,762	\$ 6,438,025

General Fund

To account for resources traditionally associated with governments, which are not required to be accounted for in another fund.

**City of Burton
General Fund
Balance Sheets
June 30, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
Assets		
Cash and cash equivalents	\$ 881,582	\$ 853,705
Accounts receivable	309,427	252,533
Due from:		
Other funds	186,192	329,144
Other governments	888,635	939,665
Component units	1,560	-
Prepaid items	530,816	313,392
	<hr/>	<hr/>
Total assets	\$ 2,798,212	\$ 2,688,439
	<hr/>	<hr/>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 79,050	\$ 92,303
Accrued liabilities	59,134	63,996
Deposits	258,496	213,749
Due to other funds	680,937	236,493
	<hr/>	<hr/>
Total liabilities	1,077,617	606,541
	<hr/>	<hr/>
Fund balance:		
Reserved for prepaid items	530,816	313,392
Unreserved:		
Undesignated	1,189,779	1,768,506
	<hr/>	<hr/>
Total fund balance	1,720,595	2,081,898
	<hr/>	<hr/>
Total liabilities and fund balance	\$ 2,798,212	\$ 2,688,439
	<hr/>	<hr/>

Special Revenue Funds

Major Funds:

Major and Local Street Funds - To account for the operations of the City's street maintenance department. Financing for the activities of these funds is provided primarily by State Gasoline Taxes (Act 51 Funds). Use of Act 51 funds is restricted with certain exceptions to defraying the cost of maintaining major and local streets in the City.

Police Millage Fund - To account for revenues generated by the extra voted police millage. An additional one mill was levied, beginning in 1984, against the real and personal property in the City of Burton for the purpose of providing funds for the operation of the City of Burton Police Department.

Nonmajor Funds:

F.A.N.G. Grant Fund - To account for the federal grant passed through to the Flint Area Narcotics Council for the purpose of assisting in the efforts to eliminate drug trafficking in Genesee County.

Retiree Health Care Fund - To account for charges for services to other funds which are to be used to pay retiree health care benefits.

Rubbish Collection and Disposal Fund - To account for the customer charges which are to be used to pay contracted services for rubbish collection.

Building Department Fund - To account for revenues and expenditures related to the Building Department activities.

Community Development Block Grant Program Fund - To account for revenues earned and expenditures incurred by the City as a sub-grantee of the Community Development Block Grant Program. The program includes projects for street paving, sidewalk construction, waterline improvements, and other capital outlay.

Capital Improvement Fund - To account for non-tax revenues set aside for capital projects. Expenditures in this fund are limited to capital projects or large capital purchases. Expenditures include, but are not limited to, municipal buildings, public safety vehicles, and equipment.

City of Burton
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2004

	F.A.N.G. Grant	Retiree Health Care	Rubbish Collection and Disposal
Assets			
Cash and cash equivalents:			
Unrestricted	\$ -	\$ -	\$ -
Investments	-	585,896	-
Accounts receivable	-	-	506
Due from other funds	-	-	358
Due from other governments	86,133	-	-
	<hr/>		
Total assets	\$ 86,133	\$ 585,896	\$ 864
	<hr/>		
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 79,637	\$ 488	\$ -
Accrued liabilities	-	-	-
Due to other funds	6,496	3,053	-
	<hr/>		
Total liabilities	86,133	3,541	-
	<hr/>		
Fund balances:			
Reserved:			
Reserved for retiree health care	-	582,355	-
Unreserved:			
Designated for building department	-	-	-
Undesignated	-	-	864
	<hr/>		
Total fund balances	-	582,355	864
	<hr/>		
Total liabilities and fund balances	\$ 86,133	\$ 585,896	\$ 864
	<hr/>		

<u>Building Department</u>	<u>Community Development</u>	<u>Capital Improvement</u>	<u>T o t a l s</u>
\$ -	\$ -	\$ 16,829	\$ 16,829
-	-	-	585,896
2,389	-	-	2,895
15,805	-	-	16,163
-	2,299	-	88,432
<hr/>			
\$ 18,194	\$ 2,299	\$ 16,829	\$ 710,215

\$ 2,892	\$ -	\$ -	\$ 83,017
10,302	-	-	10,302
-	2,299	38	11,886
<hr/>			
13,194	2,299	38	105,205
<hr/>			
-	-	-	582,355
5,000	-	-	5,000
-	-	16,791	17,655
<hr/>			
5,000	-	16,791	605,010
<hr/>			
\$ 18,194	\$ 2,299	\$ 16,829	\$ 710,215

City of Burton
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2004

	F.A.N.G. Grant	Retiree Health Care	Rubbish Collection and Disposal
Revenues:			
Licenses and permits	\$ -	\$ -	\$ -
Intergovernmental revenue:			
Federal	498,133	-	-
Local	461,724	-	-
Charges for services	-	221,694	1,281,701
Net investment income	-	18,126	-
Interest	-	11,748	1,279
Miscellaneous	-	-	-
Total revenues	959,857	251,568	1,282,980
Expenditures:			
Current:			
General government	-	66,059	-
Public service	-	-	1,291,429
Public safety	996,264	-	-
Capital outlay	-	-	-
Total expenditures	996,264	66,059	1,291,429
Excess (deficiency) of revenues over expenditures	(36,407)	185,509	(8,449)
Other financing sources (uses):			
Transfers in	36,407	-	-
Transfers out	-	-	-
Total other financing sources (uses)	36,407	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	-	185,509	(8,449)
Fund balances - beginning of year	-	396,846	9,313
Fund balances - end of year	\$ - 0 -	\$ 582,355	\$ 864

Building Department	Community Development	Capital Improvement	T o t a l s
\$ 245,143	\$ -	\$ -	\$ 245,143
-	103,034	-	601,167
-	-	-	461,724
38,809	-	-	1,542,204
-	-	-	18,126
-	-	215	13,242
3,336	-	1,000	4,336
287,288	103,034	1,215	2,885,942
-	-	-	66,059
-	2,299	-	1,293,728
324,760	-	-	1,321,024
987	75,381	16,311	92,679
325,747	77,680	16,311	2,773,490
(38,459)	25,354	(15,096)	112,452
38,459	-	-	74,866
-	(25,354)	-	(25,354)
38,459	(25,354)	-	49,512
-	-	(15,096)	161,964
5,000	-	31,887	443,046
\$ 5,000	\$ - 0 -	\$ 16,791	\$ 605,010

City of Burton
Nonmajor Special Revenue Funds
Combining Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
For the Year Ended June 30, 2004

	F.A.N.G. Grant			
	Budget Amounts		Actual	Variance- Under (Over)
	Original	Final		
Revenues:				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal	-	-	498,133	498,133
Local	-	-	461,724	461,724
Charges for services	-	-	-	-
Net investment income (loss)	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	959,857	959,857
Expenditures:				
Current:				
General government	-	-	-	-
Public service	-	-	-	-
Public safety	-	-	996,264	(996,264)
Capital outlay	-	-	-	-
Total expenditures	-	-	996,264	(996,264)
Excess (deficiency) of revenues over expenditures	-	-	(36,407)	(36,407)
Other financing sources (uses):				
Transfers in	-	-	36,407	36,407
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	36,407	36,407
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	-	-	-	-
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -

Retiree Health Care				Rubbish Collection and Disposal			
Budget Amounts		Actual	Variance- Under (Over)	Budget Amounts		Actual	Variance- Under (Over)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
220,000	218,000	221,694	3,694	1,280,875	1,280,875	1,281,701	826
-	(19,400)	18,126	37,526	-	-	-	-
6,000	6,500	11,748	5,248	4,000	4,000	1,279	(2,721)
-	-	-	-	-	-	-	-
226,000	205,100	251,568	46,468	1,284,875	1,284,875	1,282,980	(1,895)
53,500	66,900	66,059	841	-	-	-	-
-	-	-	-	1,288,275	1,288,275	1,291,429	(3,154)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
53,500	66,900	66,059	841	1,288,275	1,288,275	1,291,429	(3,154)
172,500	138,200	185,509	47,309	(3,400)	(3,400)	(8,449)	(5,049)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
172,500	138,200	185,509	47,309	(3,400)	(3,400)	(8,449)	(5,049)
396,846	396,846	396,846	-	9,313	9,313	9,313	-
\$ 569,346	\$ 535,046	\$ 582,355	\$ 47,309	\$ 5,913	\$ 5,913	\$ 864	\$ (5,049)

(continued)

City of Burton
Nonmajor Special Revenue Funds
Combining Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (continued)
For the Year Ended June 30, 2004

	Building Department			Variance-
	Budget Amounts		Actual	Under (Over)
	Original	Final		
Revenues:				
Licenses and permits	\$ -	\$ 180,000	\$ 245,143	\$ 65,143
Intergovernmental revenue:				
Federal	-	-	-	-
Local	-	-	-	-
Charges for services	-	52,000	38,809	(13,191)
Net investment income (loss)	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	5,000	3,336	(1,664)
Total revenues	-	237,000	287,288	50,288
Expenditures:				
Current:				
General government	-	-	-	-
Public service	-	-	-	-
Public safety	-	303,595	324,760	(21,165)
Capital outlay	-	987	987	-
Total expenditures	-	304,582	325,747	(21,165)
Excess (deficiency) of revenues over expenditures	-	(67,582)	(38,459)	29,123
Other financing sources (uses):				
Transfers in	-	67,582	38,459	(29,123)
Transfers out	-	-	-	-
Total other financing sources (uses)	-	67,582	38,459	(29,123)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	-	-	-	-
Fund balances - beginning of year	5,000	5,000	5,000	-
Fund balances - end of year	\$ 5,000	\$ 5,000	\$ 5,000	\$ - 0 -

Community Development				Capital Improvement			
Budget Amounts		Actual	Variance- Under (Over)	Budget Amounts		Actual	Variance- Under (Over)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
327,313	327,313	103,034	(224,279)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	150	150	215	65
-	-	-	-	-	-	1,000	1,000
327,313	327,313	103,034	(224,279)	150	150	1,215	1,065
-	-	-	-	-	-	-	-
44,848	44,848	2,299	42,549	-	-	-	-
-	-	-	-	-	-	-	-
257,111	257,111	75,381	181,730	16,046	32,036	16,311	15,725
301,959	301,959	77,680	224,279	16,046	32,036	16,311	15,725
25,354	25,354	25,354	-	(15,896)	(31,886)	(15,096)	16,790
-	-	-	-	-	-	-	-
(25,354)	(25,354)	(25,354)	-	-	-	-	-
(25,354)	(25,354)	(25,354)	-	-	-	-	-
-	-	-	-	(15,896)	(31,886)	(15,096)	16,790
-	-	-	-	31,887	31,887	31,887	-
\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 15,991	\$ 1	\$ 16,791	\$ 16,790

(continued)

City of Burton
Nonmajor Special Revenue Funds
Combining Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (continued)
For the Year Ended June 30, 2004

	T o t a l s			Variance- Under (Over)
	Budget Amounts		Actual	
	Original	Final		
Revenues:				
Licenses and permits	\$ -	\$ 180,000	\$ 245,143	\$ 65,143
Intergovernmental revenue:				
Federal	327,313	327,313	601,167	273,854
Local	-	-	461,724	461,724
Charges for services	1,500,875	1,550,875	1,542,204	(8,671)
Net investment income (loss)	-	(19,400)	18,126	37,526
Interest	10,150	10,650	13,242	2,592
Miscellaneous	-	5,000	4,336	(664)
Total revenues	1,838,338	2,054,438	2,885,942	831,504
Expenditures:				
Current:				
General government	53,500	66,900	66,059	841
Public service	1,333,123	1,333,123	1,293,728	39,395
Public safety	-	303,595	1,321,024	(1,017,429)
Capital outlay	273,157	290,134	92,679	197,455
Total expenditures	1,659,780	1,993,752	2,773,490	(779,738)
Excess (deficiency) of revenues over expenditures	178,558	60,686	112,452	51,766
Other financing sources (uses):				
Transfers in	-	67,582	74,866	7,284
Transfers out	(25,354)	(25,354)	(25,354)	-
Total other financing sources (uses)	(25,354)	42,228	49,512	7,284
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	153,204	102,914	161,964	59,050
Fund balances - beginning of year	443,046	443,046	443,046	-
Fund balances - end of year	\$ 596,250	\$ 545,960	\$ 605,010	\$ 59,050

City of Burton
Major Street Special Revenue Fund
Balance Sheets
June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Cash and cash equivalents - unrestricted	\$ 1,544,620	\$ 1,459,714
Accrued interest	68	-
Due from other funds	107,013	-
Due from other governments	419,649	246,120
	<hr/>	<hr/>
Total assets	\$ 2,071,350	\$ 1,705,834
	<hr/>	<hr/>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 48,844	\$ 32,040
Accrued liabilities	13,295	13,614
Due to other funds	143,883	157,271
	<hr/>	<hr/>
Total liabilities	206,022	202,925
 Fund balance:		
Unreserved - undesignated	<hr/> 1,865,328	<hr/> 1,502,909
	<hr/>	<hr/>
Total liabilities and fund balance	\$ 2,071,350	\$ 1,705,834
	<hr/>	<hr/>

City of Burton
Local Street Special Revenue Fund
Balance Sheets
June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Cash and cash equivalents	\$ 857,167	\$ 636,395
Accounts receivable	11,659	20,049
Accrued interest	77	-
Due from other funds	255,407	61,530
Due from other governments	97,053	90,284
	<hr/>	<hr/>
Total assets	\$ 1,221,363	\$ 808,258
	<hr/>	<hr/>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 15,935	\$ 17,418
Accrued liabilities	15,829	16,216
Due to other funds	28,727	36,407
	<hr/>	<hr/>
Total liabilities	60,491	70,041
 Fund balance:		
Unreserved - undesignated	<hr/> 1,160,872	<hr/> 738,217
	<hr/>	<hr/>
Total liabilities and fund balance	\$ 1,221,363	\$ 808,258
	<hr/>	<hr/>

City of Burton
Police Millage Special Revenue Fund
Balance Sheets
June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Cash and cash equivalents		
Unrestricted	\$ 89,758	\$ 51,051
Restricted	10,309	45,292
Due from other funds	133,106	176,525
Due from other governments	62,321	46,066
Inventory	2,078	1,007
	<hr/>	<hr/>
Total assets	\$ 297,572	\$ 319,941
	<hr/>	<hr/>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 72,296	\$ 85,570
Accrued liabilities	191,855	168,951
Due to other funds	11,799	12,966
Deferred revenue	10,309	41,141
	<hr/>	<hr/>
Total liabilities	286,259	308,628
Fund balance:		
Unreserved - undesignated	11,313	11,313
	<hr/>	<hr/>
Total liabilities and fund balance	\$ 297,572	\$ 319,941
	<hr/>	<hr/>

City of Burton
F.A.N.G. Grant Special Revenue Fund
Balance Sheets
June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Due from other governments	\$ 86,133	\$ 42,214
Total assets	<u>\$ 86,133</u>	<u>\$ 42,214</u>
 Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 79,637	\$ 36,744
Due to other funds	<u>6,496</u>	<u>5,470</u>
Total liabilities	86,133	42,214
 Fund balance:		
Unreserved - undesignated	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 86,133</u>	<u>\$ 42,214</u>

City of Burton
F.A.N.G. Grant Special Revenue Fund
Statements of Revenues, Expenditures, and
Changes in Fund Balance
For the Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Revenues:		
Intergovernmental revenue:		
Federal	\$ 498,133	\$ 447,271
Local	461,724	408,714
	<hr/>	<hr/>
Total revenues	959,857	855,985
 Expenditures:		
Public safety	996,264	894,541
	<hr/>	<hr/>
Deficiency of revenues over expenditures	(36,407)	(38,556)
 Other financing sources:		
Transfers in	36,407	38,556
	<hr/>	<hr/>
Excess of revenues and other financing sources over expenditures	-	-
 Fund balance - beginning of year	<hr/>	<hr/>
	-	-
 Fund balance - end of year	<hr/> <hr/>	<hr/> <hr/>
	\$ - 0 -	\$ - 0 -

City of Burton
Retiree Health Care Special Revenue Fund
Balance Sheets
June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Investments	\$ 585,896	\$ 396,846
Accounts receivable	-	3,006
	<hr/>	<hr/>
Total assets	<u>\$ 585,896</u>	<u>\$ 399,852</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 488	\$ 1,159
Due to other funds	3,053	1,847
	<hr/>	<hr/>
Total liabilities	3,541	3,006
Fund balance:		
Reserved for retiree health care	<u>582,355</u>	<u>396,846</u>
Total liabilities and fund balance	<u>\$ 585,896</u>	<u>\$ 399,852</u>

City of Burton
Retiree Health Care Special Revenue Fund
Statements of Revenues, Expenditures, and
Changes in Fund Balance
For the Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Revenues:		
Charges for services	\$ 221,694	\$ 174,104
Net investment income (loss)	18,126	(4,534)
Interest	<u>11,748</u>	<u>7,522</u>
Total revenues	251,568	177,092
Expenditures:		
General government	<u>66,059</u>	<u>33,166</u>
Excess of revenues over expenditures	185,509	143,926
Fund balance - beginning of year	<u>396,846</u>	<u>252,920</u>
Fund balance - end of year	<u><u>\$ 582,355</u></u>	<u><u>\$ 396,846</u></u>

City of Burton
Rubbish Collection and Disposal Special Revenue Fund
Balance Sheets
June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Accounts receivable	\$ 506	\$ 1,352
Due from other funds	358	7,961
	<hr/>	<hr/>
Total assets	\$ 864	\$ 9,313
	<hr/>	<hr/>
Fund Balance		
Fund balance:		
Unreserved - undesignated	\$ 864	\$ 9,313
	<hr/>	<hr/>

City of Burton
Rubbish Collection and Disposal Special Revenue Fund
Statements of Revenues, Expenditures, and
Changes in Fund Balance
For the Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Revenues:		
Charges for services	\$ 1,281,701	\$ 1,269,679
Interest	1,279	2,898
	<hr/>	<hr/>
Total revenues	1,282,980	1,272,577
 Expenditures:		
Public service	1,291,429	1,276,772
	<hr/>	<hr/>
Deficiency of revenues over expenditures	(8,449)	(4,195)
 Other financing uses:		
Transfers out	-	(90,000)
	<hr/>	<hr/>
Deficiency of revenues over expenditures and other financing uses	(8,449)	(94,195)
	<hr/>	<hr/>
Fund balance - beginning of year	9,313	103,508
	<hr/>	<hr/>
Fund balance - end of year	\$ 864	\$ 9,313
	<hr/> <hr/>	<hr/> <hr/>

City of Burton
Building Department Special Revenue Fund
Balance Sheets
June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Accounts receivable	\$ 2,389	\$ 7,212
Due from other funds	15,805	4,987
	<hr/>	<hr/>
Total assets	\$ 18,194	\$ 12,199
	<hr/>	<hr/>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 2,892	\$ 2,850
Accrued liabilities	10,302	4,349
	<hr/>	<hr/>
Total liabilities	13,194	7,199
	<hr/>	<hr/>
Fund balance:		
Unreserved - designated for building department expenditures	5,000	5,000
	<hr/>	<hr/>
Total liabilities and fund balance	\$ 18,194	\$ 12,199
	<hr/>	<hr/>

City of Burton
Building Department Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2004
With Comparative Actual Amounts for the Year Ended June 30, 2003

	2004			2003
	Original and Final Budget Amounts	Actual	Variance Under (Over)	Actual
Revenues:				
Licenses and permits	\$ 180,000	\$ 245,143	\$ 65,143	\$ 219,814
Charges for services	52,000	38,809	(13,191)	38,365
Miscellaneous	5,000	3,336	(1,664)	5,040
Total revenues	237,000	287,288	50,288	263,219
Expenditures:				
Current:				
Public safety:				
Building - director salary	11,799	11,799	-	20,451
Salaries - permanent	102,626	116,863	(14,237)	112,119
Fringe benefits	76,130	76,130	-	79,699
Office supplies	3,829	3,829	-	5,675
Operating supplies	7,392	7,392	-	7,477
Contractual services	43,358	43,358	-	33,569
Postage	1,725	1,725	-	3,038
Equipment rentals	21,305	21,305	-	21,159
Dues and memberships	420	420	-	734
Conference and workshop	1,873	1,873	-	381
Utilities	2,114	2,114	-	2,238
Weed cutting	9,924	9,924	-	12,640
Condemned housing	21,100	28,028	(6,928)	32,406
Total public safety	303,595	324,760	(21,165)	331,586
Capital outlay	987	987	-	-
Total expenditures	304,582	325,747	(21,165)	331,586
Excess (deficiency) of revenues over expenditures	(67,582)	(38,459)	29,123	(68,367)
Other financing sources:				
Transfers in	67,582	38,459	(29,123)	68,367
Excess of revenues and other financing sources over expenditures	-	-	-	-
Fund balance - beginning of year	5,000	5,000	-	5,000
Fund balance - end of year	\$ 5,000	\$ 5,000	\$ - 0 -	\$ 5,000

City of Burton
Community Development Special Revenue Fund
Balance Sheets
June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Due from other governments	<u>\$ 2,299</u>	<u>\$ 19,467</u>
 Liabilities		
Due to other funds	<u>\$ 2,299</u>	<u>\$ 19,467</u>

City of Burton
Community Development Special Revenue Fund
Statements of Revenues, Expenditures, and
Changes in Fund Balance
For the Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Revenues:		
Intergovernmental - federal	<u>\$ 103,034</u>	<u>\$ 148,496</u>
 Expenditures:		
Public service	2,299	35,922
Capital outlay	<u>75,381</u>	<u>73,661</u>
Total expenditures	<u>77,680</u>	<u>109,583</u>
Excess of revenues over expenditures	25,354	38,913
 Other financing uses:		
Transfers out	<u>(25,354)</u>	<u>(38,913)</u>
Excess of revenues over expenditures and other financing uses	-	-
 Fund balance - beginning of year	<u>-</u>	<u>-</u>
 Fund balance - end of year	<u><u>\$ - 0 -</u></u>	<u><u>\$ - 0 -</u></u>

City of Burton
Community Development Special Revenue Fund
Schedule of Expenditures
For the Year Ended June 30, 2004

Project Number	Description	Project Funds Expended During 2003 - 2004	Total Project Funds Expended Through June 30, 2004	Total Funds Available by Project	Unexpended Balance at June 30, 2004
01-01	Water system improvements	\$ 75,381	\$ 257,111	\$ 257,111	\$ -
03-01	Senior center services	25,354	25,354	25,354	-
04-01	Senior center services	-	-	17,249	17,249
04-02	Park improvements	2,299	2,299	44,848	42,549
04-03	Street & sidewalk improvements	-	-	127,645	127,645
04-04	Fire station #1	-	-	17,249	17,249
04-05	Water system improvements	-	-	103,496	103,496
		<u>\$ 103,034</u>	<u>\$ 284,764</u>	<u>\$ 592,952</u>	<u>\$ 308,188</u>

City of Burton
Capital Improvement Special Revenue Fund
Balance Sheets
June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Cash and cash equivalents	\$ 16,829	\$ 50,106
Due from other funds	-	9,480
	<hr/>	<hr/>
Total assets	\$ 16,829	\$ 59,586
	<hr/>	<hr/>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ -	\$ 26,341
Accrued payroll	-	1,358
Due to other funds	38	-
	<hr/>	<hr/>
Total liabilities	38	27,699
Fund balance:		
Unreserved - undesignated	16,791	31,887
	<hr/>	<hr/>
Total liabilities and fund balance	\$ 16,829	\$ 59,586
	<hr/>	<hr/>

City of Burton
Capital Improvement Special Revenue Fund
Statements of Revenues, Expenditures, and
Changes in Fund Balance
For the Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Revenues:		
Interest	\$ 215	\$ 871
Miscellaneous	1,000	-
	<hr/>	<hr/>
Total revenues	1,215	871
 Expenditures:		
Capital outlay	16,311	116,779
	<hr/>	<hr/>
Deficiency of revenues over expenditures	(15,096)	(115,908)
	<hr/>	<hr/>
 Other financing sources (uses):		
Transfers in	-	18,950
Transfers out	-	(12,974)
	<hr/>	<hr/>
Total other financing sources	-	5,976
	<hr/>	<hr/>
Deficiency of revenues and other financing sources over expenditures	(15,096)	(109,932)
	<hr/>	<hr/>
Fund balance - beginning of year	31,887	141,819
	<hr/>	<hr/>
Fund balance - end of year	\$ 16,791	\$ 31,887
	<hr/>	<hr/>

City of Burton
Capital Improvement Special Revenue Fund
Schedule of Expenditures
For the Year Ended June 30, 2004

	Project Funds Expended During 2003 - 2004	Total Project Funds Expended Through June 30, 2004	Total Cumulative Funds Available by Project	Unexpended Balance at June 30, 2004
Voter file equipment	\$ 2,100	\$ 20,306	\$ 20,288	\$ (18)
Park projects	3,413	132,974	148,511	15,537
City hall expansion	10,798	78,628	78,413	(215)
 Totals	 \$ 16,311	 \$ 231,908	 \$ 247,212	 \$ 15,304

Debt Service Funds

General Debt Service - To accumulate funds for payment of the General Obligation Debt which are serial bonds due in annual installments of principal ranging from \$75,000 to \$375,000, plus interest, with various maturity dates through June 1, 2008. Financing is provided primarily by a special annual property tax levy. Property taxes and other revenues accumulated in excess of actual debt requirements are legally restricted to servicing this debt.

Major Street Construction Debt Service - To accumulate monies for payment of the Act 51 Michigan Transportation Fund Debt which are serial bonds due in annual installments of principal ranging from \$150,000 to \$250,000, plus interest, with maturity dates through February 1, 2013. Financing will be provided from the proceeds of state-collected taxes returned to the City of Burton as Act 51 monies, or in the case of insufficiency of the state-collected funds, out of the General Funds of the City.

Building Authority Debt Service - To accumulate monies for the payment of the Building Authority Debt which is serial bonds, which are two separate serial bonds; one for the police-fire facility and the other for the 2004 city hall addition and renovation. Financing for the debt service is provided through lease contracts with the City.

Special Assessment Debt Service - To accumulate monies for the repayment of special assessment debt with governmental commitment. The debt is paid with collections of special assessments levied on specific properties. The City has pledged its limited tax full faith and credit for repayment of the bonds should any defaults on the collections occur. There are five types of special assessment activities which are: paving improvements, watermain improvements, storm drainage improvements, sanitary sewer improvements, and sidewalk improvements.

City of Burton
Debt Service Special Assessments - Project Number/Name Index
June 30, 2004

Paving Projects

P-81-1	Donavan Street	P-93-23	Savoy Avenue
P-81-2	Connell Street	P-93-24	Ala Street/Avis Drive
P-81-3	Kenneth Street	P-93-27	Shaw Street
P-87-1	Holiday Villa Subdivision	P-93-29	Statler Drive
P-87-2	Country Gardens Subdivision	P-93-30	Pearl Street
P-87-3	Morrish Street	P-94-1	McLean Avenue
P-87-4	Eastmoreland Acres Subdivision	P-94-7	Wells Street
P-87-5	Killarney Park #3 Subdivision	P-94-12	Kenneth Street
P-88-1	Eastgate Drive	P-94-14	Glendale Avenue
P-89-1	Risedorph & Centerwood Streets	P-94-15	Arrowhead Drive
P-89-3	Lapeer Heights Subdivision	P-95-1	Brady Street
P-89-4	Wilmar & Farmcrest Streets	P-95-2	DeCamp Street
P-89-5	Dexel Park Subdivision	P-95-4	Norton Street
P-89-6	Garden Acres Subdivision	P-95-5	Packard Street
P-89-7	Forest Avenue	P-95-9	Allen Street
P-90-1	Killarney Park #2 Subdivision	P-95-10	Buder Avenue
P-92-1	Ives & Way Streets	P-95-20	Parkwood Avenue
P-92-2	Ellis Park Drive	P-95-20A	Parkwood Avenue
P-92-3	Delaney Street	P-96-5	Bergin Avenue
P-92-4	Brian Circle Lane & Natzke Court	P-96-7	Eugene & Milano Streets
P-92-5	Raymond Avenue	P-96-9	Williamson Avenue
P-92-7	Amy Street South	P-97-2	James Street
P-92-8	Brookwood Drive	P-97-3	Mandeville
P-92-9	Pawnee Drive	P-97-4	Howe Road
P-92-10	Morrish Street	P-97-5	Judd Road
P-92-11	Morris Avenue	P-97-6	Allen Street
P-92-14	Schumacher Avenue	P-97-7	Christner
P-93-2	Boatfield Avenue	P-97-8	Springfield
P-93-3	Ludwig Street	P-98-3	Scottwood
P-93-5	Arrowhead Drive	P-98-5	Maplewood Meadows #3 Subdivision
P-93-6	Williamson Avenue	P-98-7	Webber Street
P-93-7	Dallas/Bellingham Court	P-98-13	Maplewood Meadows #4, #5 Subdivision
P-93-11	McLean Avenue	P-98-14	Maple Pointe #8 Subdivision
P-93-13	Schumacher Avenue	P-99-1	Nelson Court
P-93-15	Bilsky Street	P-00-3	Brabbs Street
P-93-16	Rinn Street	P-02-2	Pratt & Wagner Avenues
P-93-18	Bennett Drive	P-03-1	Pebble Creek Subdivision
P-93-19	Parkwood Avenue	P-04-1	Burton Estates #1 Subdivision
P-93-20	Norton Street		

City of Burton
Debt Service Special Assessments - Project Number/Name Index - (continued)
June 30, 2004

Water Projects

W-85-1	Stockbridge Avenue	W-98-2	Maplewood Meadows #4, #5 Subdivision
W-91-1	Brookwood Estates Subdivision	W-98-3	Maple Pointe #8 Subdivision
W-97-1	Meadowcroft Subdivision	W-03-1	Pebble Creek Subdivision
W-98-1	Maplewood Meadows #3 Subdivision	W-04-1	Burton Estates #1 Subdivision

Sanitary Sewer Projects

SS-98-1	Maplewood Meadows #3 Subdivision	SS-03-1	Pebble Creek Subdivision
SS-98-2	Maplewood Meadows #4, #5 Subdivision	SS-04-1	Burton Estates #1 Subdivision
SS-98-3	Maple Pointe #8 Subdivision		

NOTE: The above noted special assessment improvements may only involve a portion of the referenced street or subdivision.

City of Burton
Nonmajor Debt Service Funds
Combining Balance Sheet
June 30, 2004
With Comparative Totals for June 30, 2003

	<u>General Debt Service</u>	<u>Major Street Construction Debt Service</u>	<u>Building Authority Debt Service</u>
Assets			
Cash and cash equivalents	\$ 82,937	\$ 578	\$ 1,571
Receivables:			
Accounts	1,532	-	-
Special assessments:			
Current	-	-	-
Long-term	-	-	-
Total special assessments receivable	-	-	-
Accrued interest	-	-	-
Due from other funds	-	-	-
Total assets	<u>\$ 84,469</u>	<u>\$ 578</u>	<u>\$ 1,571</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Deferred revenue	-	-	-
Total liabilities	-	-	-
Fund balances:			
Unreserved - designated for debt service	84,469	578	1,571
Total liabilities and fund balances	<u>\$ 84,469</u>	<u>\$ 578</u>	<u>\$ 1,571</u>

Paving Special Assessment District

<u>P-88-1</u>	<u>P-89-1</u>	<u>P-89-3</u>	<u>P-89-4</u>	<u>P-89-5</u>	<u>P-89-6</u>
\$ -	\$ 11,472	\$ 95,153	\$ 2,053	\$ 44,415	\$ 30,085
-	-	-	-	-	-
-	6,015	28,083	3,241	6,953	7,812
-	(367)	23,650	-	9,146	6,584
-	5,648	51,733	3,241	16,099	14,396
-	479	3,680	277	966	1,008
-	3,500	-	2,000	-	2,000
\$ - 0 -	\$ 21,099	\$ 150,566	\$ 7,571	\$ 61,480	\$ 47,489

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	5,648	51,733	3,241	16,099	14,396
-	5,648	51,733	3,241	16,099	14,396
-	15,451	98,833	4,330	45,381	33,093
\$ - 0 -	\$ 21,099	\$ 150,566	\$ 7,571	\$ 61,480	\$ 47,489

(continued)

City of Burton
Nonmajor Debt Service Funds
Combining Balance Sheet (continued)
June 30, 2004
With Comparative Totals for June 30, 2003

	<u>P-89-7</u>	<u>Paving P-90-1</u>	<u>P-92-1</u>
Assets			
Cash and cash equivalents	\$ 1,828	\$ 40,875	\$ 4,581
Receivables:			
Accounts	-	-	-
Special assessments:			
Current	5,854	4,657	4,000
Long-term	-	3,447	-
Total special assessments receivable	5,854	8,104	4,000
Accrued interest	501	567	232
Due from other funds	3,000	-	-
Total assets	<u>\$ 11,183</u>	<u>\$ 49,546</u>	<u>\$ 8,813</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Deferred revenue	5,854	8,104	4,000
Total liabilities	5,854	8,104	4,000
Fund balances:			
Unreserved - designated for debt service	5,329	41,442	4,813
Total liabilities and fund balances	<u>\$ 11,183</u>	<u>\$ 49,546</u>	<u>\$ 8,813</u>

Special Assessment District					
P-92-2	P-92-3	P-92-4	P-92-5	P-92-7	P-92-8
\$ 10,386	\$ 4,099	\$ 5,972	\$ 3,899	\$ 7,229	\$ 5,325
-	-	-	-	-	-
2,100	1,387	2,005	1,857	3,530	1,840
-	-	-	-	209	-
2,100	1,387	2,005	1,857	3,739	1,840
122	81	120	108	205	107
-	-	-	-	-	-
\$ 12,608	\$ 5,567	\$ 8,097	\$ 5,864	\$ 11,173	\$ 7,272

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
2,100	1,387	2,005	1,857	3,739	1,840
2,100	1,387	2,005	1,857	3,739	1,840
10,508	4,180	6,092	4,007	7,434	5,432
\$ 12,608	\$ 5,567	\$ 8,097	\$ 5,864	\$ 11,173	\$ 7,272

(continued)

City of Burton
Nonmajor Debt Service Funds
Combining Balance Sheet (continued)
June 30, 2004
With Comparative Totals for June 30, 2003

	Paving		
	P-92-9	P-92-10	P-92-11
Assets			
Cash and cash equivalents	\$ 354	\$ 7,256	\$ 8,775
Receivables:			
Accounts	-	-	-
Special assessments:			
Current	644	2,006	2,815
Long-term	-	-	-
Total special assessments receivable	644	2,006	2,815
Accrued interest	37	117	163
Due from other funds	201	-	-
Total assets	\$ 1,236	\$ 9,379	\$ 11,753
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Deferred revenue	644	2,006	2,815
Total liabilities	644	2,006	2,815
Fund balances:			
Unreserved - designated for debt service	592	7,373	8,938
Total liabilities and fund balances	\$ 1,236	\$ 9,379	\$ 11,753

Special Assessment District					
P-92-14	P-93-2	P-93-3	P-93-5	P-93-6	P-93-7
\$ 4,220	\$ 10,791	\$ 12,002	\$ 8,914	\$ 13,044	\$ 7,538
-	-	-	-	-	-
3,280	4,205	4,455	2,434	2,440	2,629
-	3,123	4,454	1,585	2,440	1,924
3,280	7,328	8,909	4,019	4,880	4,553
214	546	592	276	324	310
-	-	-	-	-	-
\$ 7,714	\$ 18,665	\$ 21,503	\$ 13,209	\$ 18,248	\$ 12,401

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
3,280	7,328	8,909	4,019	4,880	4,553
3,280	7,328	8,909	4,019	4,880	4,553
4,434	11,337	12,594	9,190	13,368	7,848
\$ 7,714	\$ 18,665	\$ 21,503	\$ 13,209	\$ 18,248	\$ 12,401

(continued)

City of Burton
Nonmajor Debt Service Funds
Combining Balance Sheet (continued)
June 30, 2004
With Comparative Totals for June 30, 2003

	Paving		
	P-93-11	P-93-13	P-93-15
Assets			
Cash and cash equivalents	\$ 11,492	\$ 14,189	\$ 8,622
Receivables:			
Accounts	-	-	-
Special assessments:			
Current	5,112	4,191	2,212
Long-term	4,365	4,192	2,212
Total special assessments receivable	9,477	8,383	4,424
Accrued interest	640	557	294
Due from other funds	-	-	-
Total assets	\$ 21,609	\$ 23,129	\$ 13,340
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Deferred revenue	9,477	8,383	4,424
Total liabilities	9,477	8,383	4,424
Fund balances:			
Unreserved - designated for debt service	12,132	14,746	8,916
Total liabilities and fund balances	\$ 21,609	\$ 23,129	\$ 13,340

Special Assessment District					
P-93-16	P-93-18	P-93-19	P-93-20	P-93-23	P-93-24
\$ 13,233	\$ 5,995	\$ 3,212	\$ 8,086	\$ 9,954	\$ 5,101
-	-	-	-	-	-
4,843	2,613	1,180	2,989	3,785	1,349
4,842	2,613	1,179	2,537	2,496	1,349
9,685	5,226	2,359	5,526	6,281	2,698
643	347	157	371	425	179
-	-	-	-	-	500
\$ 23,561	\$ 11,568	\$ 5,728	\$ 13,983	\$ 16,660	\$ 8,478

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
9,685	5,226	2,359	5,526	6,281	2,698
9,685	5,226	2,359	5,526	6,281	2,698
13,876	6,342	3,369	8,457	10,379	5,780
\$ 23,561	\$ 11,568	\$ 5,728	\$ 13,983	\$ 16,660	\$ 8,478

(continued)

City of Burton
Nonmajor Debt Service Funds
Combining Balance Sheet (continued)
June 30, 2004
With Comparative Totals for June 30, 2003

	Paving		
	P-93-27	P-93-29	P-93-30
Assets			
Cash and cash equivalents	\$ 14,622	\$ 5,939	\$ 5,060
Receivables:			
Accounts	-	-	-
Special assessments:			
Current	6,300	914	2,597
Long-term	6,300	914	2,597
Total special assessments receivable	12,600	1,828	5,194
Accrued interest	837	121	345
Due from other funds	-	500	-
Total assets	\$ 28,059	\$ 8,388	\$ 10,599
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Deferred revenue	12,600	1,828	5,194
Total liabilities	12,600	1,828	5,194
Fund balances:			
Unreserved - designated for debt service	15,459	6,560	5,405
Total liabilities and fund balances	\$ 28,059	\$ 8,388	\$ 10,599

Special Assessment District					
P-94-1	P-94-7	P-94-12	P-94-14	P-94-15	P-95-1
\$ 14,998	\$ 24,110	\$ 10,681	\$ 27,473	\$ 12,055	\$ 27,469
-	-	-	-	-	-
2,930	5,600	1,571	3,755	3,143	5,587
5,861	11,198	3,141	7,509	6,285	16,084
8,791	16,798	4,712	11,264	9,428	21,671
574	1,097	308	735	616	1,446
-	-	-	-	-	-
\$ 24,363	\$ 42,005	\$ 15,701	\$ 39,472	\$ 22,099	\$ 50,586

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
8,791	16,798	4,712	11,264	9,428	21,671
8,791	16,798	4,712	11,264	9,428	21,671
15,572	25,207	10,989	28,208	12,671	28,915
\$ 24,363	\$ 42,005	\$ 15,701	\$ 39,472	\$ 22,099	\$ 50,586

(continued)

City of Burton
Nonmajor Debt Service Funds
Combining Balance Sheet (continued)
June 30, 2004
With Comparative Totals for June 30, 2003

	<u>P-95-2</u>	<u>Paving P-95-4</u>	<u>P-95-5</u>
Assets			
Cash and cash equivalents	\$ 31,881	\$ 18,731	\$ 5,257
Receivables:			
Accounts	-	-	-
Special assessments:			
Current	4,779	4,906	1,841
Long-term	14,336	14,719	5,522
Total special assessments receivable	19,115	19,625	7,363
Accrued interest	1,237	1,270	476
Due from other funds	-	-	-
Total assets	<u>\$ 52,233</u>	<u>\$ 39,626</u>	<u>\$ 13,096</u>
 Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Deferred revenue	19,115	19,625	7,363
Total liabilities	19,115	19,625	7,363
Fund balances:			
Unreserved - designated for debt service	33,118	20,001	5,733
Total liabilities and fund balances	<u>\$ 52,233</u>	<u>\$ 39,626</u>	<u>\$ 13,096</u>

Special Assessment District					
P-95-9	P-95-10	P-95-20	P-95-20A	P-96-5	P-96-7
\$ 33,666	\$ 37,584	\$ 6,516	\$ 3,870	\$ 8,891	\$ 61,075
-	-	-	-	-	-
6,142	5,845	1,048	312	1,713	7,725
18,425	17,536	3,143	937	6,852	29,993
24,567	23,381	4,191	1,249	8,565	37,718
1,589	1,513	271	81	530	2,389
-	-	-	-	-	-
\$ 59,822	\$ 62,478	\$ 10,978	\$ 5,200	\$ 17,986	\$ 101,182

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24,567	23,381	4,191	1,249	8,565	37,718
24,567	23,381	4,191	1,249	8,565	37,718
35,255	39,097	6,787	3,951	9,421	63,464
\$ 59,822	\$ 62,478	\$ 10,978	\$ 5,200	\$ 17,986	\$ 101,182

(continued)

City of Burton
Nonmajor Debt Service Funds
Combining Balance Sheet (continued)
June 30, 2004
With Comparative Totals for June 30, 2003

	<u>P-96-9</u>	<u>Paving P-97-2</u>	<u>P-97-3</u>
Assets			
Cash and cash equivalents	\$ 29,981	\$ 17,631	\$ 25,040
Receivables:			
Accounts	-	-	-
Special assessments:			
Current	3,223	4,063	4,671
Long-term	12,895	19,776	23,356
Total special assessments receivable	16,118	23,839	28,027
Accrued interest	997	1,444	1,660
Due from other funds	-	-	-
Total assets	<u>\$ 47,096</u>	<u>\$ 42,914</u>	<u>\$ 54,727</u>
 Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Deferred revenue	16,118	23,839	28,027
Total liabilities	16,118	23,839	28,027
Fund balances:			
Unreserved - designated for debt service	30,978	19,075	26,700
Total liabilities and fund balances	<u>\$ 47,096</u>	<u>\$ 42,914</u>	<u>\$ 54,727</u>

Special Assessment District					
P-97-4	P-97-5	P-97-6	P-97-7	P-97-8	P-98-3
\$ 15,371	\$ 15,010	\$ 21,105	\$ 27,934	\$ 84,764	\$ 21,286
-	-	-	-	-	-
3,919	4,099	5,023	1,716	10,772	6,058
19,597	20,493	25,112	8,581	53,859	36,348
23,516	24,592	30,135	10,297	64,631	42,406
1,393	1,457	1,785	610	3,828	2,354
-	-	-	-	-	-
\$ 40,280	\$ 41,059	\$ 53,025	\$ 38,841	\$ 153,223	\$ 66,046

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
23,516	24,592	30,135	10,297	64,631	42,406
23,516	24,592	30,135	10,297	64,631	42,406
16,764	16,467	22,890	28,544	88,592	23,640
\$ 40,280	\$ 41,059	\$ 53,025	\$ 38,841	\$ 153,223	\$ 66,046

(continued)

City of Burton
Nonmajor Debt Service Funds
Combining Balance Sheet (continued)
June 30, 2004
With Comparative Totals for June 30, 2003

	Paving Special Assessment District		
	P-98-5	P-98-7	P-98-13
Assets			
Cash and cash equivalents	\$ 535,530	\$ 49,298	\$ 657,115
Receivables:			
Accounts	-	-	-
Special assessments:			
Current	5,950	6,996	8,188
Long-term	53,552	43,064	73,691
Total special assessments receivable	59,502	50,060	81,879
Accrued interest	3,211	2,718	4,544
Due from other funds	-	-	-
Total assets	<u>\$ 598,243</u>	<u>\$ 102,076</u>	<u>\$ 743,538</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Deferred revenue	59,502	50,060	81,879
Total liabilities	59,502	50,060	81,879
Fund balances:			
Unreserved - designated for debt service	538,741	52,016	661,659
Total liabilities and fund balances	<u>\$ 598,243</u>	<u>\$ 102,076</u>	<u>\$ 743,538</u>

Paving Special Assessment District				Water Special Assessment District	
P-98-14	P-99-1	P-00-3	P-02-2	W-85-1	W-91-1
\$ 229,378	\$ 7,018	\$ 5,691	\$ 121	\$ 21,612	\$ 11,140
-	-	-	-	-	-
5,267	3,504	6,445	22,145	2,563	2,336
48,171	45,554	83,787	287,886	2,835	4,678
53,438	49,058	90,232	310,031	5,398	7,014
2,966	2,106	3,873	13,307	578	523
-	-	-	-	-	3,000
\$ 285,782	\$ 58,182	\$ 99,796	\$ 323,459	\$ 27,588	\$ 21,677

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	4,512	-	-
53,438	49,058	90,232	310,031	5,398	7,014
53,438	49,058	90,232	314,543	5,398	7,014
232,344	9,124	9,564	8,916	22,190	14,663
\$ 285,782	\$ 58,182	\$ 99,796	\$ 323,459	\$ 27,588	\$ 21,677

(continued)

City of Burton
Nonmajor Debt Service Funds
Combining Balance Sheet (continued)
June 30, 2004
With Comparative Totals for June 30, 2003

	Water Special Assessment District		
	W-97-1	W-98-1	W-98-2
Assets			
Cash and cash equivalents	\$ 128,719	\$ 150,724	\$ 147,143
Receivables:			
Accounts	-	-	-
Special assessments:			
Current	8,713	1,583	1,855
Long-term	117,789	14,245	16,691
Total special assessments receivable	126,502	15,828	18,546
Accrued interest	7,225	854	1,029
Due from other funds	-	-	-
Total assets	<u>\$ 262,446</u>	<u>\$ 167,406</u>	<u>\$ 166,718</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Deferred revenue	126,502	15,828	18,546
Total liabilities	126,502	15,828	18,546
Fund balances:			
Unreserved - designated for debt service	135,944	151,578	148,172
Total liabilities and fund balances	<u>\$ 262,446</u>	<u>\$ 167,406</u>	<u>\$ 166,718</u>

Water Special Assessment District			Sanitary Sewer Special Assessment District		
W-98-3	W-03-1	W-04-1	SS-98-1	SS-98-2	SS-98-3
\$ 66,698	\$ 45	\$ 822	\$ 227,061	\$ 175,319	\$ 120,858
-	-	-	-	-	-
1,387	26,195	23,192	2,080	2,167	2,442
12,483	366,733	324,691	18,716	19,507	21,977
13,870	392,928	347,883	20,796	21,674	24,419
770	19,675	4,105	1,122	1,203	1,355
-	-	-	-	-	-
\$ 81,338	\$ 412,648	\$ 352,810	\$ 248,979	\$ 198,196	\$ 146,632

\$ -	\$ -	\$ 6	\$ -	\$ -	\$ -
-	-	-	-	-	-
13,870	392,928	347,883	20,796	21,674	24,419
13,870	392,928	347,889	20,796	21,674	24,419
67,468	19,720	4,921	228,183	176,522	122,213
\$ 81,338	\$ 412,648	\$ 352,810	\$ 248,979	\$ 198,196	\$ 146,632

(continued)

City of Burton
Nonmajor Debt Service Funds
Combining Balance Sheet (continued)
June 30, 2004
With Comparative Totals for June 30, 2003

	Sanitary Sewer Special Assessment District	
	SS-03-1	SS-04-1
Assets		
Cash and cash equivalents	\$ 45	\$ 927
Receivables:		
Accounts	-	-
Special assessments:		
Current	35,471	26,163
Long-term	496,589	366,281
Total special assessments receivable	532,060	392,444
Accrued interest	26,642	4,631
Due from other funds	-	-
Total assets	<u>\$ 558,747</u>	<u>\$ 398,002</u>
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	\$ -	\$ 7
Due to other funds	-	-
Deferred revenue	532,060	392,444
Total liabilities	532,060	392,451
Fund balances:		
Unreserved - designated for debt service	26,687	5,551
Total liabilities and fund balances	<u>\$ 558,747</u>	<u>\$ 398,002</u>

Totals	
2004	2003
\$ 3,648,500	\$ 4,284,152
1,532	114
437,410	346,618
2,892,269	2,739,526
3,329,679	3,086,144
148,045	105,246
14,701	5,642
\$ 7,142,457	\$ 7,481,298

\$ 13	\$ -
4,512	96,033
3,329,679	3,086,144
3,334,204	3,182,177
3,808,253	4,299,121
\$ 7,142,457	\$ 7,481,298

City of Burton
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2004
With Comparative Totals for the Year Ended June 30, 2003

	General Debt Service	Major Street Construction Debt Service	Building Authority Debt Service
Revenues:			
Taxes	\$ 687,489	\$ -	\$ -
Special assessments	-	-	-
Intergovernmental - state	20,619	-	-
Interest	4,859	-	3
	<hr/>	<hr/>	<hr/>
Total revenues	712,967	-	3
	<hr/>	<hr/>	<hr/>
Expenditures:			
Debt service:			
Principal retirement	593,520	150,000	155,000
Interest and fiscal charges	107,812	92,925	104,501
	<hr/>	<hr/>	<hr/>
Total expenditures	701,332	242,925	259,501
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	11,635	(242,925)	(259,498)
	<hr/>	<hr/>	<hr/>
Other financing sources (uses):			
Transfers in	-	242,925	259,499
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	242,925	259,499
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	11,635	-	1
	<hr/>	<hr/>	<hr/>
Fund balances - beginning of year	72,834	578	1,570
	<hr/>	<hr/>	<hr/>
Fund balances - end of year	\$ 84,469	\$ 578	\$ 1,571
	<hr/>	<hr/>	<hr/>

Paving Special Assessment District

<u>P-88-1</u>	<u>P-89-1</u>	<u>P-89-3</u>	<u>P-89-4</u>	<u>P-89-5</u>	<u>P-89-6</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,704	6,882	30,039	3,240	6,766	8,119
-	-	-	-	-	-
30	579	4,374	295	1,240	1,206
4,734	7,461	34,413	3,535	8,006	9,325
20,000	25,000	70,125	9,375	18,750	25,000
886	3,019	11,501	1,168	3,075	4,100
20,886	28,019	81,626	10,543	21,825	29,100
(16,152)	(20,558)	(47,213)	(7,008)	(13,819)	(19,775)
4,667	3,500	-	2,000	-	2,000
-	-	-	-	-	-
4,667	3,500	-	2,000	-	2,000
(11,485)	(17,058)	(47,213)	(5,008)	(13,819)	(17,775)
11,485	32,509	146,046	9,338	59,200	50,868
\$ - 0 -	\$ 15,451	\$ 98,833	\$ 4,330	\$ 45,381	\$ 33,093

(continued)

City of Burton
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (continued)
For the Year Ended June 30, 2004
With Comparative Totals for the Year Ended June 30, 2003

	Paving		
	P-89-7	P-90-1	P-92-1
Revenues:			
Taxes	\$ -	\$ -	\$ -
Special assessments	5,853	4,959	4,000
Intergovernmental - state	-	-	-
Interest	536	823	255
Total revenues	6,389	5,782	4,255
Expenditures:			
Debt service:			
Principal retirement	15,625	11,125	6,655
Interest and fiscal charges	1,946	1,825	556
Total expenditures	17,571	12,950	7,211
Excess (deficiency) of revenues over expenditures	(11,182)	(7,168)	(2,956)
Other financing sources (uses):			
Transfers in	3,000	-	-
Transfers out	-	-	-
Total other financing sources (uses)	3,000	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(8,182)	(7,168)	(2,956)
Fund balances - beginning of year	13,511	48,610	7,769
Fund balances - end of year	\$ 5,329	\$ 41,442	\$ 4,813

Special Assessment District					
P-92-2	P-92-3	P-92-4	P-92-5	P-92-7	P-92-8
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,301	1,387	2,506	1,857	4,006	1,840
-	-	-	-	-	-
187	106	164	131	258	138
2,488	1,493	2,670	1,988	4,264	1,978
5,940	2,970	6,710	3,685	8,140	2,310
496	248	560	307	680	193
6,436	3,218	7,270	3,992	8,820	2,503
(3,948)	(1,725)	(4,600)	(2,004)	(4,556)	(525)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(3,948)	(1,725)	(4,600)	(2,004)	(4,556)	(525)
14,456	5,905	10,692	6,011	11,990	5,957
\$ 10,508	\$ 4,180	\$ 6,092	\$ 4,007	\$ 7,434	\$ 5,432

(continued)

City of Burton
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (continued)
For the Year Ended June 30, 2004
With Comparative Totals for the Year Ended June 30, 2003

	Paving		
	P-92-9	P-92-10	P-92-11
Revenues:			
Taxes	\$ -	\$ -	\$ -
Special assessments	644	2,006	3,294
Intergovernmental - state	-	-	-
Interest	43	160	222
Total revenues	687	2,166	3,516
Expenditures:			
Debt service:			
Principal retirement	2,970	3,740	6,655
Interest and fiscal charges	248	313	556
Total expenditures	3,218	4,053	7,211
Excess (deficiency) of revenues over expenditures	(2,531)	(1,887)	(3,695)
Other financing sources (uses):			
Transfers in	1,000	-	-
Transfers out	-	-	-
Total other financing sources (uses)	1,000	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(1,531)	(1,887)	(3,695)
Fund balances - beginning of year	2,123	9,260	12,633
Fund balances - end of year	\$ 592	\$ 7,373	\$ 8,938

Special Assessment District

P-92-14	P-93-2	P-93-3	P-93-5	P-93-6	P-93-7
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,280	4,565	4,271	2,647	2,440	2,805
-	-	-	-	-	-
236	608	659	341	403	365
3,516	5,173	4,930	2,988	2,843	3,170
5,225	8,750	9,125	6,375	6,875	6,875
436	1,078	1,124	785	847	847
5,661	9,828	10,249	7,160	7,722	7,722
(2,145)	(4,655)	(5,319)	(4,172)	(4,879)	(4,552)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(2,145)	(4,655)	(5,319)	(4,172)	(4,879)	(4,552)
6,579	15,992	17,913	13,362	18,247	12,400
\$ 4,434	\$ 11,337	\$ 12,594	\$ 9,190	\$ 13,368	\$ 7,848

(continued)

City of Burton
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (continued)
For the Year Ended June 30, 2004
With Comparative Totals for the Year Ended June 30, 2003

	Paving		
	P-93-11	P-93-13	P-93-15
Revenues:			
Taxes	\$ -	\$ -	\$ -
Special assessments	5,299	4,191	2,212
Intergovernmental - state	-	-	-
Interest	718	645	348
Total revenues	6,017	4,836	2,560
Expenditures:			
Debt service:			
Principal retirement	10,875	12,250	5,375
Interest and fiscal charges	1,340	1,509	662
Total expenditures	12,215	13,759	6,037
Excess (deficiency) of revenues over expenditures	(6,198)	(8,923)	(3,477)
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(6,198)	(8,923)	(3,477)
Fund balances - beginning of year	18,330	23,669	12,393
Fund balances - end of year	\$ 12,132	\$ 14,746	\$ 8,916

Special Assessment District					
P-93-16	P-93-18	P-93-19	P-93-20	P-93-23	P-93-24
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,843	2,613	1,180	3,102	4,107	1,349
-	-	-	-	-	-
722	384	177	423	493	213
5,565	2,997	1,357	3,525	4,600	1,562
9,125	6,000	2,750	7,375	8,125	4,625
1,124	739	339	909	1,001	570
10,249	6,739	3,089	8,284	9,126	5,195
(4,684)	(3,742)	(1,732)	(4,759)	(4,526)	(3,633)
-	-	-	-	-	500
-	-	-	-	-	-
-	-	-	-	-	500
(4,684)	(3,742)	(1,732)	(4,759)	(4,526)	(3,133)
18,560	10,084	5,101	13,216	14,905	8,913
\$ 13,876	\$ 6,342	\$ 3,369	\$ 8,457	\$ 10,379	\$ 5,780

(continued)

City of Burton
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (continued)
For the Year Ended June 30, 2004
With Comparative Totals for the Year Ended June 30, 2003

	Paving		
	P-93-27	P-93-29	P-93-30
Revenues:			
Taxes	\$ -	\$ -	\$ -
Special assessments	6,547	914	2,597
Intergovernmental - state	-	-	-
Interest	935	161	375
Total revenues	7,482	1,075	2,972
Expenditures:			
Debt service:			
Principal retirement	10,875	4,625	5,000
Interest and fiscal charges	1,340	570	616
Total expenditures	12,215	5,195	5,616
Excess (deficiency) of revenues over expenditures	(4,733)	(4,120)	(2,644)
Other financing sources (uses):			
Transfers in	-	500	-
Transfers out	-	-	-
Total other financing sources (uses)	-	500	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(4,733)	(3,620)	(2,644)
Fund balances - beginning of year	20,192	10,180	8,049
Fund balances - end of year	\$ 15,459	\$ 6,560	\$ 5,405

Special Assessment District					
P-94-1	P-94-7	P-94-12	P-94-14	P-94-15	P-95-1
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,930	8,767	1,571	4,438	3,143	7,008
-	-	-	-	-	-
666	1,314	373	932	689	1,622
3,596	10,081	1,944	5,370	3,832	8,630
6,160	10,255	3,815	9,555	5,215	10,740
1,515	2,522	938	2,350	1,282	2,835
7,675	12,777	4,753	11,905	6,497	13,575
(4,079)	(2,696)	(2,809)	(6,535)	(2,665)	(4,945)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(4,079)	(2,696)	(2,809)	(6,535)	(2,665)	(4,945)
19,651	27,903	13,798	34,743	15,336	33,860
\$ 15,572	\$ 25,207	\$ 10,989	\$ 28,208	\$ 12,671	\$ 28,915

(continued)

City of Burton
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (continued)
For the Year Ended June 30, 2004
With Comparative Totals for the Year Ended June 30, 2003

	Paving		
	P-95-2	P-95-4	P-95-5
Revenues:			
Taxes	\$ -	\$ -	\$ -
Special assessments	7,189	5,514	1,841
Intergovernmental - state	-	-	-
Interest	1,459	1,391	503
Total revenues	8,648	6,905	2,344
Expenditures:			
Debt service:			
Principal retirement	11,580	9,120	1,740
Interest and fiscal charges	3,057	2,407	459
Total expenditures	14,637	11,527	2,199
Excess (deficiency) of revenues over expenditures	(5,989)	(4,622)	145
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(5,989)	(4,622)	145
Fund balances - beginning of year	39,107	24,623	5,588
Fund balances - end of year	\$ 33,118	\$ 20,001	\$ 5,733

Special Assessment District					
P-95-9	P-95-10	P-95-20	P-95-20A	P-96-5	P-96-7
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7,588	6,452	1,048	312	3,049	9,989
-	-	-	-	-	-
1,850	1,744	310	105	581	2,771
9,438	8,196	1,358	417	3,630	12,760
12,420	10,800	2,400	1,200	3,570	18,270
3,277	2,850	633	317	1,052	5,384
15,697	13,650	3,033	1,517	4,622	23,654
(6,259)	(5,454)	(1,675)	(1,100)	(992)	(10,894)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(6,259)	(5,454)	(1,675)	(1,100)	(992)	(10,894)
41,514	44,551	8,462	5,051	10,413	74,358
\$ 35,255	\$ 39,097	\$ 6,787	\$ 3,951	\$ 9,421	\$ 63,464

(continued)

City of Burton
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (continued)
For the Year Ended June 30, 2004
With Comparative Totals for the Year Ended June 30, 2003

	Paving		
	P-96-9	P-97-2	P-97-3
Revenues:			
Taxes	\$ -	\$ -	\$ -
Special assessments	5,095	5,946	9,780
Intergovernmental - state	-	-	-
Interest	1,227	1,616	1,851
Total revenues	6,322	7,562	11,631
Expenditures:			
Debt service:			
Principal retirement	8,160	6,450	8,100
Interest and fiscal charges	2,404	2,706	3,399
Total expenditures	10,564	9,156	11,499
Excess (deficiency) of revenues over expenditures	(4,242)	(1,594)	132
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(4,242)	(1,594)	132
Fund balances - beginning of year	35,220	20,669	26,568
Fund balances - end of year	\$ 30,978	\$ 19,075	\$ 26,700

Special Assessment District					
P-97-4	P-97-5	P-97-6	P-97-7	P-97-8	P-98-3
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,919	8,888	5,023	4,002	16,720	11,481
-	-	-	-	-	-
1,487	1,660	1,910	862	4,486	2,530
5,406	10,548	6,933	4,864	21,206	14,011
5,550	6,000	7,725	5,400	20,325	8,800
2,329	2,518	3,241	2,266	8,529	3,465
7,879	8,518	10,966	7,666	28,854	12,265
(2,473)	2,030	(4,033)	(2,802)	(7,648)	1,746
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(2,473)	2,030	(4,033)	(2,802)	(7,648)	1,746
19,237	14,437	26,923	31,346	96,240	21,894
\$ 16,764	\$ 16,467	\$ 22,890	\$ 28,544	\$ 88,592	\$ 23,640

(continued)

City of Burton
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (continued)
For the Year Ended June 30, 2004
With Comparative Totals for the Year Ended June 30, 2003

	Paving Special Assessment District		
	P-98-5	P-98-7	P-98-13
Revenues:			
Taxes	\$ -	\$ -	\$ -
Special assessments	22,313	13,225	35,208
Intergovernmental - state	-	-	-
Interest	6,730	3,246	8,875
Total revenues	29,043	16,471	44,083
Expenditures:			
Debt service:			
Principal retirement	62,500	15,600	82,000
Interest and fiscal charges	27,791	6,142	32,288
Total expenditures	90,291	21,742	114,288
Excess (deficiency) of revenues over expenditures	(61,248)	(5,271)	(70,205)
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(61,248)	(5,271)	(70,205)
Fund balances - beginning of year	599,989	57,287	731,864
Fund balances - end of year	\$ 538,741	\$ 52,016	\$ 661,659

Paving Special Assessment District				Water Special Assessment District	
P-98-14	P-99-1	P-00-3	P-02-2	W-85-1	W-91-1
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18,702	6,317	15,046	22,145	3,082	3,191
-	-	-	-	-	-
4,471	2,163	3,943	13,367	728	594
23,173	8,480	18,989	35,512	3,810	3,785
29,600	1,875	3,125	10,001	5,000	10,000
11,655	1,393	2,322	7,432	1,730	1,800
41,255	3,268	5,447	17,433	6,730	11,800
(18,082)	5,212	13,542	18,079	(2,920)	(8,015)
-	-	-	-	-	3,000
-	-	(4,745)	(11,562)	-	-
-	-	(4,745)	(11,562)	-	3,000
(18,082)	5,212	8,797	6,517	(2,920)	(5,015)
250,426	3,912	767	2,399	25,110	19,678
\$ 232,344	\$ 9,124	\$ 9,564	\$ 8,916	\$ 22,190	\$ 14,663

(continued)

City of Burton
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (continued)
For the Year Ended June 30, 2004
With Comparative Totals for the Year Ended June 30, 2003

	Water Special Assessment District		
	W-97-1	W-98-1	W-98-2
Revenues:			
Taxes	\$ -	\$ -	\$ -
Special assessments	16,588	5,935	7,974
Intergovernmental - state	-	-	-
Interest	8,275	1,839	2,001
Total revenues	24,863	7,774	9,975
Expenditures:			
Debt service:			
Principal retirement	15,450	16,000	18,800
Interest and fiscal charges	6,483	7,114	7,403
Total expenditures	21,933	23,114	26,203
Excess (deficiency) of revenues over expenditures	2,930	(15,340)	(16,228)
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	2,930	(15,340)	(16,228)
Fund balances - beginning of year	133,014	166,918	164,400
Fund balances - end of year	\$ 135,944	\$ 151,578	\$ 148,172

Water Special Assessment District			Sanitary Sewer Special Assessment District		
W-98-3	W-03-1	W-04-1	SS-98-1	SS-98-2	SS-98-3
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5,201	-	-	7,798	9,320	9,157
-	-	-	-	-	-
1,207	19,707	4,927	2,590	2,357	2,147
6,408	19,707	4,927	10,388	11,677	11,304
8,600	-	-	21,500	21,400	15,200
3,386	9,239	6	9,560	8,426	5,985
11,986	9,239	6	31,060	29,826	21,185
(5,578)	10,468	4,921	(20,672)	(18,149)	(9,881)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(5,578)	10,468	4,921	(20,672)	(18,149)	(9,881)
73,046	9,252	-	248,855	194,671	132,094
\$ 67,468	\$ 19,720	\$ 4,921	\$ 228,183	\$ 176,522	\$ 122,213

(continued)

City of Burton
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (continued)
For the Year Ended June 30, 2004
With Comparative Totals for the Year Ended June 30, 2003

	Sanitary Sewer Special Assessment District	
	SS-03-1	SS-04-1
Revenues:		
Taxes	\$ -	\$ -
Special assessments	-	-
Intergovernmental - state	-	-
Interest	26,685	5,558
Total revenues	26,685	5,558
Expenditures:		
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	12,515	7
Total expenditures	12,515	7
Excess (deficiency) of revenues over expenditures	14,170	5,551
Other financing sources (uses):		
Transfers in	-	-
Transfers out	-	-
Total other financing sources (uses)	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	14,170	5,551
Fund balances - beginning of year	12,517	-
Fund balances - end of year	\$ 26,687	\$ 5,551

T o t a l s	
2004	2003
\$ 687,489	\$ 969,386
496,260	1,010,984
20,619	21,545
179,164	163,640
1,383,532	2,165,555
1,803,521	2,168,520
577,163	657,920
2,380,684	2,826,440
(997,152)	(660,885)
522,591	566,775
(16,307)	(59,632)
506,284	507,143
(490,868)	(153,742)
4,299,121	4,452,863
\$ 3,808,253	\$ 4,299,121

Capital Project Funds

Major Streets Capital Projects Fund – This fund is used to account for the construction of major streets or for significant capital improvements made to major streets out of bond proceeds and other matching governmental resources.

Building Authority Capital Projects Fund – This fund is used to account for the construction of the city hall addition and renovation out of the bond proceeds.

Special Assessment - Capital Project Funds - These capital project funds are used to account for the construction phase costs of watermain improvements, sidewalk improvements, storm drainage improvements, sanitary sewer improvements, and paving improvements. Financing is provided by the sale of special assessment bonds. Costs of each project are estimated and property owners are assessed their proportionate share. Property owners are allowed to pay their assessments in full without interest for a specified period of time (usually less than one year) or annually over periods of 12 or 20 years. Property owners are also able to pay all or any portion of their assessment at any time. Most elect to pay installments during the 12 or 20 year periods. The collections of the assessments are deposited directly into a Debt Service Fund (with the exception of certain first year assessments, in some cases) in order to repay the bonded debt.

City of Burton
Capital Project Special Assessments - Project Number/Name Index
June 30, 2004

Paving Projects

P-98-14	Maple Pointe #8 Subdivision	P-02-2	Pratt & Wagner Avenues
P-99-1	Nelson Court	W-03-1	Pebble Creek Subdivision
P-00-3	Brabbs Street	SS-03-1	Pebble Creek Subdivision

NOTE: The above noted special assessment improvement may only involve a portion of the referenced street or subdivision.

City of Burton
Nonmajor Capital Project Funds
Combining Balance Sheet
June 30, 2004
With Comparative Totals for June 30, 2003

	Building Authority Capital Projects	Paving Improvement District	
		P-98-14	P-99-1
Assets			
Cash and cash equivalent	\$ 1,582	\$ 9,516	\$ 20,068
Cash - restricted	426	-	-
Total assets	\$ 2,008	\$ 9,516	\$ 20,068
Liabilities and Fund Balances			
Accounts payable	\$ 1,582	\$ -	\$ -
Accrued liabilities	-	-	-
Payable from restricted assets - construction contract	426	-	-
Due to other funds	-	-	779
Total liabilities	2,008	-	779
Fund balances:			
Unreserved - designated for construction	-	9,516	19,289
Total liabilities and fund balance	\$ 2,008	\$ 9,516	\$ 20,068

Paving Improvement District				Water Improvement District	
P-00-3	P-02-2	P-03-1	P-04-1	W-03-1	W-04-1
\$ 21,372	\$ 36,797	\$ 252,564	\$ 1,169,938	\$ 48,457	\$ 332,389
-	-	-	-	-	-
\$ 21,372	\$ 36,797	\$ 252,564	\$ 1,169,938	\$ 48,457	\$ 332,389
\$ -	\$ -	\$ 29,104	\$ 12,503	\$ -	\$ 3,490
-	-	-	32	-	32
-	-	-	-	-	-
571	1,959	3,297	406	3,599	184
571	1,959	32,401	12,941	3,599	3,706
20,801	34,838	220,163	1,156,997	44,858	328,683
\$ 21,372	\$ 36,797	\$ 252,564	\$ 1,169,938	\$ 48,457	\$ 332,389

(continued)

City of Burton
Nonmajor Capital Project Funds
Combining Balance Sheet (continued)
June 30, 2004
With Comparative Totals for June 30, 2003

	Sanitary Sewer Improvement District	
	<u>SS-03-1</u>	<u>SS-04-1</u>
Assets		
Cash and cash equivalent	\$ 48,333	\$ 228,608
Cash - restricted	-	-
	<hr/>	<hr/>
Total assets	<u>\$ 48,333</u>	<u>\$ 228,608</u>
Liabilities and Fund Balances		
Accounts payable	\$ -	\$ 74,115
Accrued liabilities	-	1,517
Payable from restricted assets - construction contract	-	-
Due to other funds	<u>4,292</u>	<u>7,400</u>
	<hr/>	<hr/>
Total liabilities	4,292	83,032
Fund balances:		
Unreserved - designated for construction	<u>44,041</u>	<u>145,576</u>
	<hr/>	<hr/>
Total liabilities and fund balance	<u>\$ 48,333</u>	<u>\$ 228,608</u>

Totals	
2004	2003
\$ 2,169,624	\$ 3,251,715
426	16,178
\$ 2,170,050	\$ 3,267,893

\$ 120,794	\$ 596
1,581	-
426	16,178
22,487	986
145,288	17,760
2,024,762	3,250,133
\$ 2,170,050	\$ 3,267,893

City of Burton
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2004
With Comparative Totals for the Year Ended June 30, 2003

	Building Authority Capital Projects	Paving Improvement District P-98-14	P-99-1
Revenues:			
Interest	\$ 682	\$ 177	\$ 687
Total revenues	682	177	687
Expenditures:			
Capital outlay	14,563	20,593	85,168
Total expenditures	14,563	20,593	85,168
Deficiency of revenues over expenditures	(13,881)	(20,416)	(84,481)
Other financing sources (uses):			
Bond proceeds	-	-	-
Transfers in	-	-	42,729
Transfers out	-	-	-
Total other financing sources	-	-	42,729
Excess (deficiency) of revenues and other financing sources over expenditures	(13,881)	(20,416)	(41,752)
Fund balances - beginning of year	13,881	29,932	61,041
Fund balances - end of year	\$ - 0 -	\$ 9,516	\$ 19,289

Paving Improvement District				Water Improvement District	
P-00-3	P-02-2	P-03-1	P-04-1	W-03-1	W-04-1
\$ 1,129	\$ 1,834	\$ 12,986	\$ 2,677	\$ 4,102	\$ 743
1,129	1,834	12,986	2,677	4,102	743
94,609	335,629	1,687,181	130,353	-	-
94,609	335,629	1,687,181	130,353	-	-
(93,480)	(333,795)	(1,674,195)	(127,676)	4,102	743
-	-	-	1,284,673	-	347,883
17,748	55,008	-	-	-	-
-	-	-	-	(316,681)	(19,943)
17,748	55,008	-	1,284,673	(316,681)	327,940
(75,732)	(278,787)	(1,674,195)	1,156,997	(312,579)	328,683
96,533	313,625	1,894,358	-	357,437	-
\$ 20,801	\$ 34,838	\$ 220,163	\$ 1,156,997	\$ 44,858	\$ 328,683

(continued)

City of Burton
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (continued)
For the Year Ended June 30, 2004
With Comparative Totals for the Year Ended June 30, 2003

	Sanitary Sewer Improvement District	
	<u>SS-03-1</u>	<u>SS-04-1</u>
Revenues:		
Interest	\$ 5,482	\$ 665
Total revenues	<u>5,482</u>	<u>665</u>
Expenditures:		
Capital outlay	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>
Deficiency of revenues over expenditures	5,482	665
Other financing sources (uses):		
Bond proceeds	-	392,444
Transfers in	-	-
Transfers out	<u>(444,767)</u>	<u>(247,533)</u>
Total other financing sources	<u>(444,767)</u>	<u>144,911</u>
Excess (deficiency) of revenues and other financing sources over expenditures	(439,285)	145,576
Fund balances - beginning of year	<u>483,326</u>	<u>-</u>
Fund balances - end of year	<u><u>\$ 44,041</u></u>	<u><u>\$ 145,576</u></u>

Totals	
2004	2003
\$ 31,164	\$ 11,342
31,164	11,342
2,368,096	1,384,825
2,368,096	1,384,825
(2,336,932)	(1,373,483)
2,025,000	3,445,000
115,485	50,055
(1,028,924)	(69,732)
1,111,561	3,425,323
(1,225,371)	2,051,840
3,250,133	1,198,293
\$ 2,024,762	\$ 3,250,133

Enterprise Funds

Water and Sewer Funds - To account for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in these funds including, but not limited to, administration, operations, maintenance, billing and collection.

City of Burton
Water Utility Enterprise Fund
Statement of Net Assets
June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,908,029	\$ 2,113,853
Receivables:		
Accounts	44,261	5,842
Unbilled utility charges	564,377	527,028
Special assessments	-	2,004
Tap-in contracts - current	1,725	1,541
Accrued interest	88	43
Due from other funds	222,861	47,694
Unamortized bond discount	26,996	28,684
Inventory	131,179	144,795
	<u>2,899,516</u>	<u>2,871,484</u>
Total current assets		
Noncurrent assets:		
Restricted cash and cash equivalents:		
Revenue bond covenant accounts	235,921	235,921
	<u>235,921</u>	<u>235,921</u>
Total restricted assets		
Capital assets:		
Utility system	18,594,131	18,275,557
Office equipment	76,271	67,828
Construction in progress	609,165	22,612
Less accumulated depreciation	(4,040,555)	(3,745,454)
	<u>15,239,012</u>	<u>14,620,543</u>
Total capital assets (net of accumulated depreciation)		
Other assets:		
Tap-in contracts receivable - long-term	84,500	75,501
	<u>84,500</u>	<u>75,501</u>
Total other assets		
Total assets	<u>\$ 18,458,949</u>	<u>\$ 17,803,449</u>

	<u>2004</u>	<u>2003</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 134,695	\$ 148,920
Accrued liabilities	26,395	21,239
Advances from other funds - current	90,000	90,000
Due to other funds	146,796	120,335
Bonds payable - current	<u>75,000</u>	<u>50,000</u>
Total current liabilities	<u>472,886</u>	<u>430,494</u>
Noncurrent liabilities:		
Advances from other funds-long term	90,000	180,000
Deferred revenue	-	2,004
Bonds payable - long term	<u>2,300,000</u>	<u>2,375,000</u>
Total noncurrent liabilities	<u>2,390,000</u>	<u>2,557,004</u>
Total liabilities	<u>2,862,886</u>	<u>2,987,498</u>
Net Assets		
Invested in capital assets, net of related debt	12,864,012	12,195,543
Unrestricted	<u>2,732,051</u>	<u>2,620,408</u>
Total net assets	<u>15,596,063</u>	<u>14,815,951</u>
Total liabilities and net assets	<u>\$ 18,458,949</u>	<u>\$ 17,803,449</u>

**City of Burton
Water Utility Enterprise Fund
Statements of Revenues, Expenses,
and Changes in Net Assets
For the Years Ended June 30, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
Operating revenues:		
Charges for services	\$ 2,428,030	\$ 2,188,527
Fines and forfeits	55,140	53,184
Sale of materials	18,542	13,016
Miscellaneous	8,599	4,367
	<hr/>	<hr/>
Total operating revenues	2,510,311	2,259,094
	<hr/>	<hr/>
Operating expenses:		
Personal services	560,717	549,151
Contractual services	46,689	28,146
Supplies	19,397	13,930
Materials	105,855	155,759
Equipment rental	95,678	101,777
Utilities	1,423,022	1,180,403
Depreciation	295,100	288,985
Miscellaneous	30,183	32,520
	<hr/>	<hr/>
Total operating expenses	2,576,641	2,350,671
	<hr/>	<hr/>
Operating loss	(66,330)	(91,577)
	<hr/>	<hr/>
Non-operating revenues (expenses):		
Special assessment revenue	2,076	-
Interest on investments	24,591	30,709
Interest on long-term advances to other funds	(1,685)	(4,040)
Interest on tap-ins	6,972	8,527
Interest expense and fiscal charges	(117,675)	(119,863)
Discount on revenue bonds	(1,687)	(1,687)
	<hr/>	<hr/>
Total non-operating expenses	(87,408)	(86,354)
	<hr/>	<hr/>
Loss before contributions and transfers	(153,738)	(177,931)
	<hr/>	<hr/>
Capital contributions - tap-in fees	600,226	240,528
Transfers in	336,624	-
Transfers out	(3,000)	(2,926)
	<hr/>	<hr/>
Change in net assets	780,112	59,671
	<hr/>	<hr/>
Net assets - beginning of year	14,815,951	14,756,280
	<hr/>	<hr/>
Net assets - end of year	\$ 15,596,063	\$ 14,815,951
	<hr/>	<hr/>

City of Burton
Water Utility Enterprise Fund
Statements of Cash Flows
For the Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 2,177,095	\$ 2,377,370
Payments to suppliers	(1,694,972)	(1,547,441)
Payments to employees	(555,561)	(552,303)
Other operating revenues	82,281	70,774
	<hr/>	<hr/>
Net cash provided by operating activities	8,843	348,400
	<hr/>	<hr/>
Cash flows from non-capital financing activities:		
Transfers in	336,624	-
Transfers out	(3,000)	(2,926)
Interest paid on long-term interfund advance initially used for capital activities	(1,685)	(4,040)
	<hr/>	<hr/>
Net cash used in non-capital financing activities	331,939	(6,966)
	<hr/>	<hr/>
Cash flows from capital and related financing activities:		
Customer contributions	252,634	202,187
Acquisition and construction of capital assets	(573,083)	(122,191)
Interest payments on long term debt	(117,675)	(119,863)
Principal payments on bonds	(50,000)	(50,000)
Payments on long-term interfund advance used for capital activities	(90,000)	(80,000)
	<hr/>	<hr/>
Net cash used in capital and related financing activities	(578,124)	(169,867)
	<hr/>	<hr/>
Cash flows from investing activities:		
Purchases of investments	-	-
Sales of investments	-	-
Interest on investments	24,546	30,666
Interest on tap-ins	6,972	8,527
	<hr/>	<hr/>
Net cash provided by investing activities	31,518	39,193
	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	(205,824)	210,760
Cash and cash equivalents - beginning of year	2,349,774	2,139,014
	<hr/>	<hr/>
Cash and cash equivalents - end of year (including \$235,921 reported in restricted accounts)	\$ 2,143,950	\$ 2,349,774
	<hr/>	<hr/>

(continued)

City of Burton
Water Utility Enterprise Fund
Statements of Cash Flows (continued)
For the Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (66,330)	\$ (91,577)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	295,100	288,985
Loss on sale of fixed asset	-	207
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(38,419)	29,193
Increase in unbilled utility charges	(37,349)	(14,515)
(Increase) decrease in due from other funds	(175,167)	174,165
Decrease in inventory	13,616	10,877
Increase (decrease) in accounts payable	(14,225)	20,851
Increase (decrease) in accrued liabilities	5,156	(3,152)
Increase (decrease) in due to other funds	26,461	(66,634)
Total adjustments	<u>75,173</u>	<u>439,977</u>
Net cash provided by operating activities	<u>\$ 8,843</u>	<u>\$ 348,400</u>
Non-cash capital and related financing activities:		
Capital contributions provided by developers	<u>\$ 340,485</u>	<u>\$ 73,000</u>

City of Burton
Sewer Utility Enterprise Fund
Statement of Net Assets
June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 7,904,326	\$ 7,800,127
Receivables:		
Accounts	432,632	387,784
Unbilled utility charges	647,423	658,717
Tap-in contracts - current	599	757
Accrued interest	25,944	26,438
Due from other funds	193,833	38,718
Advances to other funds - current	90,000	90,000
Inventory	8,857	12,174
	<hr/>	<hr/>
Total current assets	9,303,614	9,014,715
	<hr/>	<hr/>
Noncurrent assets:		
Capital assets:		
Utility system	34,406,837	33,594,322
Office equipment	458,490	450,047
Construction in progress	1,178,068	555,362
Less accumulated depreciation	(8,713,766)	(8,315,886)
	<hr/>	<hr/>
Total capital assets (net of accumulated depreciation)	27,329,629	26,283,845
	<hr/>	<hr/>
Other assets:		
Tap-in contracts receivable - long-term	29,336	37,072
Advances to other funds - long term	90,000	180,000
	<hr/>	<hr/>
Total other assets	119,336	217,072
	<hr/>	<hr/>
Total assets	\$ 36,752,579	\$ 35,515,632
	<hr/>	<hr/>

Liabilities	2004	2003
Current liabilities:		
Accounts payable	\$ 29,556	\$ 36,410
Accrued liabilities	25,306	20,462
Due to other funds	242,172	65,229
Due to other governments	477,735	390,994
Total current liabilities	774,769	513,095
Net Assets		
Invested in capital assets	27,329,629	26,283,845
Unrestricted	8,648,181	8,718,692
Total net assets	35,977,810	35,002,537
Total liabilities and net assets	\$ 36,752,579	\$ 35,515,632

City of Burton
Sewer Utility Enterprise Fund
Statements of Revenues, Expenses,
and Changes in Net Assets
For Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Operating revenues:		
Charges for services	\$ 654,253	\$ 859,691
Fines and forfeits	2,584	2,089
Miscellaneous	704	868
	<hr/>	<hr/>
Total operating revenues	657,541	862,648
	<hr/>	<hr/>
Operating expenses:		
Personal services	513,426	514,185
Contractual services	108,550	103,706
Supplies	53,613	54,465
Repairs	18,222	28,841
Equipment rental	72,727	69,002
Depreciation	397,881	355,636
Miscellaneous	8,517	2,116
	<hr/>	<hr/>
Total operating expenses	1,172,936	1,127,951
	<hr/>	<hr/>
Operating loss	(515,395)	(265,303)
	<hr/>	<hr/>
Non-operating revenues:		
Interest on investments	89,123	132,537
Interest on long-term advances to other funds	1,685	4,040
Interest on tap-ins	2,145	2,731
	<hr/>	<hr/>
Total non-operating revenues	92,953	139,308
	<hr/>	<hr/>
Loss before contributions	(422,442)	(125,995)
	<hr/>	<hr/>
Capital contributions	705,415	174,859
Transfers in	692,300	-
	<hr/>	<hr/>
Change in net assets	975,273	48,864
	<hr/>	<hr/>
Net assets - beginning of year	35,002,537	34,953,673
	<hr/>	<hr/>
Net assets - end of year	\$ 35,977,810	\$ 35,002,537
	<hr/>	<hr/>

**City of Burton
Sewer Utility Enterprise Fund
Statements of Cash Flows
For the Years Ended June 30, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 2,474,446	\$ 2,602,821
Payments to suppliers	(2,010,344)	(2,272,831)
Payments to employees	(508,582)	(515,819)
Other operating revenues	3,288	3,762
	<hr/>	<hr/>
Net cash used in operating activities	(41,192)	(182,067)
	<hr/>	<hr/>
Cash flows from noncapital financing activities:		
Transfers	692,300	-
Principal payments on long-term advances to other funds	90,000	80,000
Interest on long-term advances to other funds	1,685	4,040
	<hr/>	<hr/>
Net cash provided by noncapital financing activities	783,985	84,040
	<hr/>	<hr/>
Cash flows from capital and related financing activities:		
Capital contributions - tap-in permits	141,629	83,716
Acquisition and construction of capital assets	(871,985)	(776,035)
	<hr/>	<hr/>
Net cash used in capital and related financing activities	(730,356)	(692,319)
	<hr/>	<hr/>
Cash flows from investing activities:		
Interest on investments	89,617	132,731
Interest on tap-ins	2,145	2,731
	<hr/>	<hr/>
Net cash provided by investing activities	91,762	135,462
	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	104,199	(654,884)
Cash and cash equivalents - beginning of year	7,800,127	8,455,011
	<hr/>	<hr/>
Cash and cash equivalents - end of year	\$ 7,904,326	\$ 7,800,127
	<hr/>	<hr/>

(continued)

City of Burton
Sewer Utility Enterprise Fund
Statements of Cash Flows (continued)
For the Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (515,395)	\$ (265,303)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	397,881	355,636
Loss on sale of fixed asset	-	805
Change in assets and liabilities:		
Increase in accounts receivable	(44,848)	(64,089)
(Increase) decrease in unbilled utility charges	11,294	(4,000)
Increase in due from other funds	(155,115)	(26,479)
Decrease in inventory	3,317	1,326
Increase (decrease) in accounts payable	(6,854)	12,056
Increase (decrease) in accrued liabilities	4,844	(1,634)
Increase (decrease) in due to other funds	176,943	(113,997)
Increase (decrease) in due to other governments	86,741	(76,388)
	<u>474,203</u>	<u>83,236</u>
Net cash used in operating activities	<u>\$ (41,192)</u>	<u>\$ (182,067)</u>
Non-cash capital and related financing activities:		
Capital contributions provided by developers	<u>\$ 571,680</u>	<u>\$ 91,000</u>

City of Burton
Schedule of Debt Service Requirements
Genesee County Water Supply and Sewage Disposal
System Revenue Bonds
Series 1998

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal December 1</u>	<u>Balance</u>
			<u>December 1</u>	<u>June 1</u>		
						\$2,375,000
6-30-2005	4.450%	\$ 189,557	\$ 58,112	\$ 56,445	\$ 75,000	2,300,000
6-30-2006	4.550	186,181	56,444	54,737	75,000	2,225,000
6-30-2007	4.600	182,750	54,737	53,013	75,000	2,150,000
6-30-2008	5.000	203,525	53,013	50,512	100,000	2,050,000
6-30-2009	5.000	198,525	50,512	48,013	100,000	1,950,000
6-30-2010	4.650	242,538	48,013	44,525	150,000	1,800,000
6-30-2011	4.750	235,488	44,525	40,963	150,000	1,650,000
6-30-2012	4.800	228,325	40,963	37,362	150,000	1,500,000
6-30-2013	4.850	221,088	37,362	33,726	150,000	1,350,000
6-30-2014	4.900	213,775	33,725	30,050	150,000	1,200,000
6-30-2015	4.950	255,150	30,050	25,100	200,000	1,000,000
6-30-2016	5.000	245,200	25,100	20,100	200,000	800,000
6-30-2017	5.000	235,200	20,100	15,100	200,000	600,000
6-30-2018	5.000	225,200	15,100	10,100	200,000	400,000
6-30-2019	5.000	215,200	10,100	5,100	200,000	200,000
6-30-2020	5.100	205,100	5,100	-	200,000	-
		<u>\$3,482,802</u>	<u>\$582,956</u>	<u>\$524,846</u>	<u>\$2,375,000</u>	

Dated May 1, 1998.

Bonds maturing in the years 2009 to 2019, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in such order as the City shall determine, on any interest payment date on or after December 1, 2008, at par and accrued interest.

1% of the principal amount of each bond called for redemption on or after
December 1, 2008, but prior to December 1, 2010.

½% of the principal amount of each bond called for redemption on or after
December 1, 2010, but prior to December 1, 2015.

No premium called after December 1, 2015.

Security – Bonds are payable solely from the net revenues generated by the Water Utility System.

Internal Service Funds

Motor Pool Fund - To account for the costs of operating and maintaining certain automotive and street maintenance equipment used by other city departments. Such costs are billed to the other departments based on rental rates established by the state of Michigan Department of Highways and Transportation. Actual costs include depreciation on the machinery and equipment used to provide the service. The majority of the machinery and equipment maintained in this fund was purchased by other city departments. Replacement of the assets will be financed by Motor Pool resources and continued contributions from other funds.

Self Insurance Health Care Fund – To initiate and oversee a self-insured health insurance plan, and to account for all related premiums and claims. Under the plan, the City provides health insurance coverage to each employee for the first \$25,000 of annual cumulative claims or \$702,646 for the whole plan, after which reinsurance covers the balance.

City of Burton
Internal Service Funds
Combining Statement of Net Assets
June 30, 2004
With Comparative Totals for June 30, 2003

	Motor Pool	Self- Insurance Health Care	Totals	
			2004	2003
Assets				
Current assets:				
Cash and cash equivalents	\$ 159,362	\$ -	\$ 159,362	\$ 83,516
Accounts receivable	1,064	-	1,064	327
Due from other funds	193,546	1,621	195,167	151,487
Inventory	60,375	-	60,375	72,308
Total current assets	414,347	1,621	415,968	307,638
Noncurrent assets:				
Land and buildings	318,734	-	318,734	286,797
Vehicles	2,646,492	-	2,646,492	2,606,481
Machinery and equipment	510,778	-	510,778	492,752
Less accumulated depreciation	(2,180,771)	-	(2,180,771)	(1,815,218)
Total capital assets (net of accumulated depreciation)	1,295,233	-	1,295,233	1,570,812
Total assets	1,709,580	1,621	1,711,201	1,878,450
Liabilities				
Current liabilities:				
Accounts payable	30,092	45	30,137	19,351
Accrued liabilities	1,442	-	1,442	996
Due to other funds	-	-	-	77,868
Capital lease payable-current	24,950	-	24,950	32,195
Total current liabilities	56,484	45	56,529	130,410
Non-current liabilities:				
Capital lease payable - long term	249,483	-	249,483	274,434
Total non-current liabilities	249,483	-	249,483	274,434
Total liabilities	305,967	45	306,012	404,844
Net assets				
Invested in capital assets, net of related debt	1,020,800	-	1,020,800	1,264,183
Unrestricted	382,813	1,576	384,389	209,423
Total net assets	\$ 1,403,613	\$ 1,576	\$ 1,405,189	\$ 1,473,606

City of Burton
Internal Service Funds
Combining Statements of Revenues, Expenses,
and Changes in Net Assets
For the Year Ended June 30, 2004
With Comparative Totals for the Year Ended June 30, 2003

	Motor Pool	Self- Insurance Health Care	T o t a l s	
			2004	2003
Operating revenues:				
Charges for services	\$ 703,507	\$ 959,878	\$ 1,663,385	\$ 1,310,553
Sale of materials	189,348	-	189,348	129,710
Miscellaneous	1,515	-	1,515	199
Total operating revenues	894,370	959,878	1,854,248	1,440,462
Operating expenses:				
Personal services	94,521	-	94,521	106,805
Contractual services	8,413	-	8,413	7,100
Supplies	256,450	-	256,450	190,740
Materials	98,737	-	98,737	87,252
Repairs	102,191	-	102,191	87,381
Utilities	7,180	-	7,180	7,892
Depreciation	386,966	-	386,966	304,389
Insurance	29,212	814,323	843,535	576,771
Claims	-	145,555	145,555	201,103
Miscellaneous	1,176	-	1,176	927
Total operating expenses	984,846	959,878	1,944,724	1,570,360
Operating loss	(90,476)	-	(90,476)	(129,898)
Non-operating revenues (expenses):				
Interest on investments	1,032	-	1,032	2,470
Interest and fiscal charges	(6,311)	-	(6,311)	-
Gain on sale of fixed assets	3,381	-	3,381	50,325
Total non-operating revenues (expenses)	(1,898)	-	(1,898)	52,795
Loss before transfers	(92,374)	-	(92,374)	(77,103)
Transfers in	38,500	-	38,500	-
Transfers out	(14,543)	-	(14,543)	(12,679)
Change in net assets	(68,417)	-	(68,417)	(89,782)
Net assets - beginning of year	1,472,030	1,576	1,473,606	1,563,388
Net assets - end of year	\$ 1,403,613	\$ 1,576	\$ 1,405,189	\$ 1,473,606

City of Burton
Internal Service Funds
Combining Statements of Cash Flows
For the Year Ended June 30, 2004
With Comparative Totals for the Year Ended June 30, 2003

	Motor Pool	Self- Insurance Health Care	Totals 2004	2003
Cash flows from operating activities:				
Receipts from quasi-external transactions	\$ 659,135	\$ 959,878	\$ 1,619,013	\$ 1,252,923
Payments to suppliers	(558,553)	(959,878)	(1,518,431)	(1,117,799)
Payments to employees	(94,075)	-	(94,075)	(108,310)
Other operating revenues	190,863	-	190,863	129,909
Net cash provided by operating activities	197,370	-	197,370	156,723
Cash flows from non-capital financing activities:				
Transfers in	38,500	-	38,500	-
Transfers out	(14,543)	-	(14,543)	(12,679)
Net cash provided by (used in) non-capital financing activities	23,957	-	23,957	(12,679)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(113,345)	-	(113,345)	(510,994)
Proceeds from sale of capital assets	5,338	-	5,338	77,526
Payments on capital lease	(32,195)	-	(32,195)	-
Interest paid on capital lease	(6,311)	-	(6,311)	-
Net cash used in capital and related financing activities	(146,513)	-	(146,513)	(433,468)
Cash flows from investing activities:				
Interest on investments	1,032	-	1,032	2,470
Net cash provided by investing activities	1,032	-	1,032	2,470
Net increase (decrease) in cash and cash equivalents	75,846	-	75,846	(286,954)
Cash and cash equivalents - beginning of year	83,516	-	83,516	370,470
Cash and cash equivalents - end of year	\$ 159,362	\$ - 0 -	\$ 159,362	\$ 83,516

(continued)

City of Burton
Internal Service Funds
Combining Statements of Cash Flows (continued)
For the Year Ended June 30, 2004
With Comparative Totals for the Year Ended June 30, 2003

	Motor Pool	Self- Insurance Health Care	T o t a l s	
			2004	2003
Reconciliation of operating loss to net cash provided by operating activities:				
Operating loss	\$ (90,476)	\$ -	\$ (90,476)	\$ (129,898)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation	386,966	-	386,966	304,389
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(737)	-	(737)	(210)
(Increase) decrease in due from other funds	(43,635)	(45)	(43,680)	(57,420)
Increase in inventory	11,933	-	11,933	(7,764)
Increase (decrease) in accounts payable	10,741	45	10,786	(28,737)
Increase (decrease) in accrued liabilities	446	-	446	(1,505)
Increase in due to other funds	(77,868)	-	(77,868)	77,868
Total adjustments	287,846	-	287,846	286,621
Net cash provided by operating activities	\$ 197,370	\$ - 0 -	\$ 197,370	\$ 156,723
Non-cash capital and related financing activities:				
Fixed assets acquired through capital lease	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 306,629

City of Burton
Motor Pool Internal Service Fund
Statement of Net Assets
June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 159,362	\$ 83,516
Accounts receivable	1,064	327
Due from other funds	193,546	149,911
Inventory	60,375	72,308
	<u>414,347</u>	<u>306,062</u>
Total current assets		
Non-current assets:		
Capital assets:		
Land and buildings	318,734	286,797
Vehicles	2,646,492	2,606,481
Machinery and equipment	510,778	492,752
Less accumulated depreciation	(2,180,771)	(1,815,218)
	<u>1,295,233</u>	<u>1,570,812</u>
Total capital assets (net of accumulated depreciation)		
Total assets	<u>1,709,580</u>	<u>1,876,874</u>
Liabilities		
Current liabilities:		
Accounts payable	30,092	19,351
Accrued liabilities	1,442	996
Due to other funds	-	77,868
Capital lease payable-current	24,950	32,195
	<u>56,484</u>	<u>130,410</u>
Total current liabilities		
Non-current liabilities:		
Capital lease payable - long term	249,483	274,434
	<u>249,483</u>	<u>274,434</u>
Total non-current liabilities		
Total liabilities	<u>305,967</u>	<u>404,844</u>
Net assets		
Invested in capital assets, net of related debt	1,020,800	1,264,183
Unrestricted	382,813	207,847
	<u>\$ 1,403,613</u>	<u>\$ 1,472,030</u>
Total net assets		

City of Burton
Motor Pool Internal Service Fund
Statements of Revenues, Expenses,
and Changes in Net Assets
For the Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Operating revenues:		
Charges for services	\$ 703,507	\$ 559,899
Sale of materials	189,348	129,710
Miscellaneous	1,515	199
	<hr/>	<hr/>
Total operating revenues	894,370	689,808
	<hr/>	<hr/>
Operating expenses:		
Personal services	94,521	106,805
Contractual services	8,413	7,100
Supplies	256,450	190,740
Materials	98,737	87,252
Repairs	102,191	87,381
Utilities	7,180	7,892
Depreciation	386,966	304,389
Insurance	29,212	27,220
Miscellaneous	1,176	927
	<hr/>	<hr/>
Total operating expenses	984,846	819,706
	<hr/>	<hr/>
Operating loss	(90,476)	(129,898)
	<hr/>	<hr/>
Non-operating revenues (expenses):		
Interest on investments	1,032	2,470
Interest expense and fiscal charges	(6,311)	-
Gain on sale of fixed assets	3,381	50,325
	<hr/>	<hr/>
Total non-operating revenues (expenses)	(1,898)	52,795
	<hr/>	<hr/>
Loss before transfers	(92,374)	(77,103)
	<hr/>	<hr/>
Transfers in	38,500	-
Transfers out	(14,543)	(12,679)
	<hr/>	<hr/>
Change in net assets	(68,417)	(89,782)
	<hr/>	<hr/>
Net assets - beginning of year	1,472,030	1,561,812
	<hr/>	<hr/>
Net assets - end of year	\$ 1,403,613	\$ 1,472,030
	<hr/>	<hr/>

City of Burton
Motor Pool Internal Service Fund
Statements of Cash Flows
For the Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities:		
Receipts from quasi-external transactions	\$ 659,135	\$ 502,269
Payments to suppliers	(558,553)	(367,145)
Payments to employees	(94,075)	(108,310)
Other operating revenues	190,863	129,909
	<u>197,370</u>	<u>156,723</u>
Net cash provided by operating activities		
Cash flows from non-capital financing activities:		
Transfers in	38,500	-
Transfers out	(14,543)	(12,679)
	<u>23,957</u>	<u>(12,679)</u>
Net cash provided by (used in) non-capital financing activities		
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(113,345)	(510,994)
Proceeds from sale of capital assets	5,338	77,526
Payments on capital lease	(32,195)	-
Interest paid on capital lease	(6,311)	-
	<u>(146,513)</u>	<u>(433,468)</u>
Net cash used in capital and related financing activities		
Cash flows from investing activities:		
Interest on investments	1,032	2,470
	<u>1,032</u>	<u>2,470</u>
Net cash provided by investing activities		
Net increase (decrease) in cash and cash equivalents	75,846	(286,954)
Cash and cash equivalents - beginning of year	<u>83,516</u>	<u>370,470</u>
Cash and cash equivalents - end of year	<u>\$ 159,362</u>	<u>\$ 83,516</u>

(continued)

City of Burton
Motor Pool Internal Service Fund
Statements of Cash Flows (continued)
For the Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	<u>\$ (90,476)</u>	<u>\$ (129,898)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	386,966	304,389
Change in assets and liabilities:		
Increase in accounts receivable	(737)	(210)
Increase in due from other funds	(43,635)	(57,420)
(Increase) decrease in inventory	11,933	(7,764)
Increase (decrease) in accounts payable	10,741	(28,737)
Increase (decrease) in accrued liabilities	446	(1,505)
Increase (decrease) in due to other funds	<u>(77,868)</u>	<u>77,868</u>
Total adjustments	<u>287,846</u>	<u>286,621</u>
Net cash provided by operating activities	<u><u>\$ 197,370</u></u>	<u><u>\$ 156,723</u></u>
Non-cash capital and related financing activities:		
Fixed assets acquired through capital lease	<u><u>\$ - 0 -</u></u>	<u><u>\$ 306,629</u></u>

City of Burton
Self Insurance Health Care Internal Service Fund
Statement of Net Assets
June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Current assets:		
Due from other funds	<u>\$ 1,621</u>	<u>\$ 1,576</u>
Total assets	1,621	1,576
 Liabilities		
Current liabilities:		
Accounts payable	<u>45</u>	<u>-</u>
Total liabilities	<u>45</u>	<u>-</u>
 Net Assets		
Unrestricted	<u>1,576</u>	<u>1,576</u>
Total net assets	<u><u>\$ 1,576</u></u>	<u><u>\$ 1,576</u></u>

City of Burton
Self Insurance Health Care Internal Service Fund
Statements of Revenues, Expenses,
and Changes in Net Assets
For the Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Operating revenues:		
Charges for services	<u>\$ 959,878</u>	<u>\$ 750,654</u>
Operating expenses:		
Insurance	814,323	549,551
Claims	<u>145,555</u>	<u>201,103</u>
Total operating expenses	<u>959,878</u>	<u>750,654</u>
Change in net assets	-	-
Net assets - beginning of year	<u>1,576</u>	<u>1,576</u>
Net assets - end of year	<u><u>\$ 1,576</u></u>	<u><u>\$ 1,576</u></u>

City of Burton
Self Insurance Health Care Internal Service Fund
Statements of Cash Flows
For the Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities:		
Receipts from quasi-external transactions	\$ 959,878	\$ 750,654
Payments to suppliers	<u>(959,878)</u>	<u>(750,654)</u>
Net cash provided by operating activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents - beginning of year	<u>-</u>	<u>-</u>
Cash and cash equivalents - end of year	<u><u>\$ - 0 -</u></u>	<u><u>\$ - 0 -</u></u>
 Reconciliation of operating income to net cash provided by operating activities:		
Operating income	<u>\$ -</u>	<u>\$ -</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Change in assets and liabilities:		
Increase in due from other funds	(45)	-
Increase in accounts payable	<u>45</u>	<u>-</u>
Total adjustments	<u>-</u>	<u>-</u>
Net cash provided by operating activities	<u><u>\$ - 0 -</u></u>	<u><u>\$ - 0 -</u></u>

Fiduciary Funds

Agency Funds

Current Tax Fund – To account for the collection and payment to the county, school districts, and other city funds of property taxes collected by the City on their behalf.

General Agency – To account for the collection and payment to the county, school districts, and other city funds of delinquent property taxes and trailer park fees collected by the City on their behalf. Also, to account for collections and payments for senior citizen activities.

City of Burton
All Agency Funds
Combining Balance Sheet
June 30, 2004
With Comparative Totals for June 30, 2003

	Current Tax Fund	General Agency	Totals	
			2004	2003
Assets				
Cash and cash equivalents	\$ 6,254	\$ 104,913	\$ 111,167	\$ 97,348
Liabilities				
Liabilities:				
Accounts payable	\$ 6,254	\$ 73,669	\$ 79,923	\$ 94,553
Due to other funds	-	31,244	31,244	2,795
Total liabilities	\$ 6,254	\$ 104,913	\$ 111,167	\$ 97,348

City of Burton
All Agency Funds
Statement of Changes in Assets and Liabilities
Year Ended June 30, 2004

	Balance July 1, 2003	Additions	Deductions	Balance June 30, 2004
<u>Current Tax Fund</u>				
Assets				
Cash and cash equivalents	\$ 6,312	\$ 50,521,056	\$ 50,521,114	\$ 6,254
Liabilities				
Accounts payable	\$ 6,312	\$ 258	\$ 316	\$ 6,254
Due to other funds	-	18,839,281	18,839,281	-
Due to other governments	-	6,427,472	6,427,472	-
Total liabilities	\$ 6,312	\$ 25,267,011	\$ 25,267,069	\$ 6,254

<u>General Agency</u>				
Assets				
Cash and cash equivalents	\$ 91,036	\$ 994,542	\$ 980,665	\$ 104,913
Liabilities				
Accounts payable	\$ 88,241	\$ 1,708,305	\$ 1,722,877	\$ 73,669
Due to other funds	2,795	290,876	262,427	31,244
Total liabilities	\$ 91,036	\$ 1,999,181	\$ 1,985,304	\$ 104,913

<u>Total - All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 97,348	\$ 51,515,598	\$ 51,501,779	\$ 111,167
Liabilities				
Accounts payable	\$ 94,553	\$ 1,708,563	\$ 1,723,193	\$ 79,923
Due to other funds	2,795	19,130,157	19,101,708	31,244
Due to other governments	-	6,427,472	6,427,472	-
Total liabilities	\$ 97,348	\$ 27,266,192	\$ 27,252,373	\$ 111,167

Other Financial Information

**Capital Assets used in the Operation of
Governmental Funds**

City of Burton
Capital Assets used in the Operation of Governmental Funds
Comparative Schedule by Source¹
June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Governmental funds capital assets:		
Land and buildings	\$ 5,843,235	\$ 5,828,673
Improvements other than buildings	978,255	965,140
Vehicles	1,672,138	1,761,790
Office equipment	737,632	685,055
Machinery and other equipment	819,278	803,790
Federal grant equipment	498,799	427,070
Infrastructure	<u>31,901,130</u>	<u>35,683,550</u>
 Total governmental funds capital assets	 <u><u>\$ 42,450,467</u></u>	 <u><u>\$ 46,155,068</u></u>
 Investment in governmental funds capital assets by source:		
General fund	\$ 15,309,588	\$ 18,264,240
Major and local funds	22,748,194	23,560,338
Police fund	443,353	467,450
Capital improvement fund	1,257,491	1,242,928
Federal entitlement grants	1,948,627	1,876,898
Federal restricted grants	<u>743,214</u>	<u>743,214</u>
 Total governmental funds capital assets	 <u><u>\$ 42,450,467</u></u>	 <u><u>\$ 46,155,068</u></u>

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included in governmental activities in the statement of net assets.

City of Burton
Capital Assets used in the Operation of Governmental Funds
Schedule by Function and Activity¹
June 30, 2004

	Total	Land and Buildings	Improvements Other than Buildings
General government:			
City Council	\$ 2,260	\$ -	\$ -
Mayor	75,329	-	-
Controller	12,778	-	-
Assessor	76,220	-	-
Elections	131,347	-	-
Clerk	7,094	-	-
Treasurer	15,582	-	-
City hall and grounds	1,872,251	1,683,534	111,778
Other City property	1,022,847	768,410	160,793
Building authority	3,685,586	3,391,291	67,829
Total general government	6,901,294	5,843,235	340,400
Public safety:			
Police	1,178,661	-	-
Fire	1,780,779	-	-
Building department	50,748	-	-
Total public safety	3,010,188	-	-
Public works and utilities	31,901,130	-	-
Parks and recreation	637,855	-	637,855
Total governmental funds capital assets	\$ 42,450,467	\$ 5,843,235	\$ 978,255

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included in governmental activities in the statement of net assets.

Vehicles	Office Equipment	Machinery and Equipment	Federal Grant Equipment	Infrastructure
\$ -	\$ 2,260	\$ -	\$ -	\$ -
50,434	24,895	-	-	-
-	12,778	-	-	-
25,923	50,297	-	-	-
-	90,547	-	40,800	-
-	7,094	-	-	-
-	15,582	-	-	-
-	76,939	-	-	-
20,362	56,353	16,929	-	-
-	226,466	-	-	-
96,719	563,211	16,929	40,800	-
601,227	92,289	274,102	211,043	-
974,192	31,384	528,247	246,956	-
-	50,748	-	-	-
1,575,419	174,421	802,349	457,999	-
-	-	-	-	31,901,130
-	-	-	-	-
\$ 1,672,138	\$ 737,632	\$ 819,278	\$ 498,799	\$ 31,901,130

City of Burton
Capital Assets used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity¹
Year Ended June 30, 2004

	Governmental Funds Capital Assets			Governmental Funds Capital Assets
	July 1, 2003	Additions	Deductions	June 30, 2004
Function and Activity:				
General government:				
City Council	\$ 2,260	\$ -	\$ -	\$ 2,260
Mayor	75,329	-	-	75,329
Controller	12,778	-	-	12,778
Assessor	76,220	-	-	76,220
Elections	57,325	74,022	-	131,347
Clerk	7,094	-	-	7,094
Treasurer	14,077	1,505	-	15,582
City hall and grounds	1,858,164	14,087	-	1,872,251
Other City property	1,020,206	2,641	-	1,022,847
Building authority	3,671,023	14,563	-	3,685,586
Total general government	6,794,476	106,818	-	6,901,294
Public safety:				
Police	1,171,830	45,642	38,811	1,178,661
Fire	1,824,023	11,606	54,850	1,780,779
Building department	48,419	2,329	-	50,748
Total public safety	3,044,272	59,577	93,661	3,010,188
Public works and utilities	35,683,550	2,516,400	6,298,820	31,901,130
Parks and recreation	632,770	5,085	-	637,855
Total governmental funds capital assets	\$ 46,155,068	\$ 2,687,880	\$ 6,392,481	\$ 42,450,467

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included in governmental activities in the statement of net assets.

Debt Service Requirements to Maturity Schedule

To account for long-term liabilities expected to be financed from governmental funds and the governmental activities internal service fund other than special assessment funds.

City of Burton
Annual Debt Service Requirements on
Governmental Type Activity Debt

<u>Year Ended</u>	<u>Debt Service Requirements</u>
6-30-2005	\$2,526,399
6-30-2006	2,448,991
6-30-2007	2,351,357
6-30-2008	1,851,446
6-30-2009	1,397,415
6-30-2010	1,355,061
6-30-2011	1,281,026
6-30-2012	1,246,994
6-30-2013	1,232,083
6-30-2014	868,824
6-30-2015	580,286
6-30-2016	637,049
6-30-2017	610,807
6-30-2018	589,133
6-30-2019	503,280
6-30-2020	164,774
6-30-2021	157,500

\$19,802,325

Principal
Interest

\$15,690,206
3,765,561

\$19,455,767

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
General obligation	\$ 6,049,639	\$1,661,411	\$7,711,050
Special assessment debt with governmental commitment	<u>9,915,000</u>	<u>2,176,275</u>	<u>12,091,275</u>
	<u>\$15,964,639</u>	<u>\$3,837,686</u>	<u>\$19,802,325</u>

City of Burton
Schedule of Debt Service Requirements
Genesee County Sewage Disposal #1 City of Burton Trunks, Series #2

<u>Fiscal Year Ended</u>	<u>Debt Fund Requirement</u>	<u>Interest</u>		<u>Principal June 1</u>	<u>Year End Balance</u>
		<u>June 1</u>	<u>December 1</u>		
					\$560,000
6-30-2005	\$170,800	\$ 15,400	\$ 15,400	\$140,000	420,000
6-30-2006	163,100	11,550	11,550	140,000	280,000
6-30-2007	155,400	7,700	7,700	140,000	140,000
6-30-2008	147,700	3,850	3,850	140,000	-
	<u>\$637,000</u>	<u>\$ 38,500</u>	<u>\$ 38,500</u>	<u>\$560,000</u>	

Notes of this series are dated April 1, 1969. Interest range 5.25% - 5.5%.

Notes of this issue maturing in the years 1993 through 2008 are subject to redemption prior to maturity at the option of the City at par value and accrued interest, plus a premium as follows:

- 1% of the par value of each note called for redemption after July 1, 1998,
and prior to July 1, 2005;
- 0% of the par value of each note called for redemption after July 1, 2005,
but prior to maturity.

City of Burton
Schedule of Debt Service Requirements
Genesee County Sewage Disposal #1 City of Burton Laterals

<u>Fiscal Year Ended</u>	<u>Debt Fund Requirement</u>	<u>Interest</u>		<u>Principal June 1</u>	<u>Year End Balance</u>
		<u>June 1</u>	<u>December 1</u>		
					\$540,000
6-30-2005	\$204,840	\$ 12,420	\$ 12,420	\$180,000	360,000
6-30-2006	196,020	8,010	8,010	180,000	180,000
6-30-2007	187,200	3,600	3,600	180,000	-
	<u>\$588,060</u>	<u>\$ 24,030</u>	<u>\$ 24,030</u>	<u>\$540,000</u>	

Notes of this series are dated January 1, 1968. Interest range 4.0% - 4.9%.

Notes of this issue maturing in the years 1993 through 2004 are subject to redemption prior to maturity at the option of the City at par value and accrued interest, plus a premium as follows:

0% of the par value of each note called for redemption after July 1, 1997,
but prior to maturity.

City of Burton
Schedule of Debt Service Requirements
Genesee County Sewage Disposal #1 City of Burton Laterals, Series #2

<u>Fiscal Year Ended</u>	<u>Debt Fund Requirement</u>	<u>Interest</u>		<u>Principal June 1</u>	<u>Year End Balance</u>
		<u>June 1</u>	<u>December 1</u>		
					\$400,000
6-30-2005	\$122,000	\$ 11,000	\$ 11,000	\$100,000	300,000
6-30-2006	116,500	8,250	8,250	100,000	200,000
6-30-2007	111,000	5,500	5,500	100,000	100,000
6-30-2008	105,500	2,750	2,750	100,000	-
	<u>\$455,000</u>	<u>\$ 27,500</u>	<u>\$ 27,500</u>	<u>\$400,000</u>	

Notes of this series are dated April 1, 1969. Interest range 5.25% - 5.4%.

Notes of this issue maturing in the years 1993 through 2008 are subject to redemption prior to maturity at the option of the City at par value and accrued interest, plus a premium as follows:

1% of the par value of each note called for redemption after July 1, 1998,
and prior to July 1, 2005;

0% of the par value of each note called for redemption after July 1, 2005,
but prior to maturity.

City of Burton
Schedule of Debt Service Requirements
Michigan Act 51 Transportation Fund Bonds
1998 Series

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal February 1</u>	<u>Balance</u>
			<u>August 1</u>	<u>February 1</u>		
						\$1,900,000
6-30-2005	4.45%	\$ 235,525	\$ 42,763	\$ 42,762	\$ 150,000	1,750,000
6-30-2006	4.50	228,850	39,425	39,425	150,000	1,600,000
6-30-2007	4.55	272,100	36,050	36,050	200,000	1,400,000
6-30-2008	4.60	263,000	31,500	31,500	200,000	1,200,000
6-30-2009	4.65	253,800	26,900	26,900	200,000	1,000,000
6-30-2010	4.75	294,500	22,250	22,250	250,000	750,000
6-30-2011	4.80	282,625	16,313	16,312	250,000	500,000
6-30-2012	4.25	270,625	10,312	10,313	250,000	250,000
6-30-2013	4.00	260,000	5,000	5,000	250,000	-
		<u>\$2,361,025</u>	<u>\$230,513</u>	<u>\$230,512</u>	<u>\$1,900,000</u>	

Dated May 1, 1998.

Bonds of this issue are not subject to redemption prior to maturity. These bonds and the interest therein are payable from the proceeds of state-collected taxes returned to the City of Burton as Act 51 monies, or in the case of insufficiency of the state-collected funds, out of the general funds of the City of Burton.

City of Burton
Schedule of Debt Service Requirements
1993 Refunding Building Authority Bonds

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
						\$390,000
6-30-2005	4.85%	\$121,646	\$ 9,596	\$ 7,050	\$105,000	285,000
6-30-2006	4.90	111,650	7,050	4,600	100,000	185,000
6-30-2007	4.95	106,725	4,600	2,125	100,000	85,000
6-30-2008	5.00	87,125	2,125	-	85,000	-
		<u>\$427,146</u>	<u>\$ 23,371</u>	<u>\$ 13,775</u>	<u>\$390,000</u>	

Dated May 1, 1993.

The bonds are not subject to optional redemption prior to maturity.

City of Burton
Schedule of Debt Service Requirements
Series 2002 Building Authority Bonds

Original amount - \$1,800,000

Purpose – city hall addition and renovation

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal April 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
						\$1,725,000
6-30-2005	4.75%	\$ 129,337	\$ 39,669	\$ 39,668	\$ 50,000	1,675,000
6-30-2006	4.60	126,963	38,481	38,482	50,000	1,625,000
6-30-2007	4.50	124,662	37,331	37,331	50,000	1,575,000
6-30-2008	4.40	122,413	36,206	36,207	50,000	1,525,000
6-30-2009	4.25	145,212	35,106	35,106	75,000	1,450,000
6-30-2010	4.10	142,025	33,513	33,512	75,000	1,375,000
6-30-2011	4.20	138,950	31,975	31,975	75,000	1,300,000
6-30-2012	4.30	160,800	30,400	30,400	100,000	1,200,000
6-30-2013	4.40	156,500	28,250	28,250	100,000	1,100,000
6-30-2014	4.50	152,100	26,050	26,050	100,000	1,000,000
6-30-2015	4.55	147,600	23,800	23,800	100,000	900,000
6-30-2016	4.60	193,050	21,525	21,525	150,000	750,000
6-30-2017	4.70	186,150	18,075	18,075	150,000	600,000
6-30-2018	4.75	179,100	14,550	14,550	150,000	450,000
6-30-2019	4.80	171,975	10,988	10,987	150,000	300,000
6-30-2020	4.85	164,775	7,388	7,387	150,000	150,000
6-30-2021	5.00	157,500	3,750	3,750	150,000	-
		<u>\$2,599,112</u>	<u>\$437,057</u>	<u>\$437,055</u>	<u>\$1,725,000</u>	

Dated March 1, 2002.

Bonds or portions thereof maturing in the years 2012 to 2021, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in such order as the City shall determine, on any interest payment date on or after April 1, 2011, at par and accrued interest.

City of Burton
Schedule of Debt Service Requirements
Capital Lease - Equipment

<u>Year Ended</u>	<u>Payment</u>	<u>October 20</u>		<u>Balance</u>
		<u>Interest</u>	<u>Principal</u>	
6-30-2005	\$ 25,423	\$ 7,061	\$ 18,362	\$127,394
6-30-2006	25,423	6,043	19,380	109,032
6-30-2007	94,621	4,969	89,652	89,652
	<u>\$145,467</u>	<u>\$ 18,073</u>	<u>\$127,394</u>	-

Date of issue: October 1, 1999

City of Burton
Schedule of Debt Service Requirements
Capital Lease - Equipment

<u>Year Ended</u>	<u>Payment</u>	<u>October 20</u>		<u>Balance</u>
		<u>Interest</u>	<u>Principal</u>	
6-30-2005	\$ 26,467	\$ 7,370	\$ 19,097	\$132,812
6-30-2006	26,467	6,310	20,157	113,715
6-30-2007	98,749	5,191	93,558	93,558
	<u>\$151,683</u>	<u>\$ 18,871</u>	<u>\$132,812</u>	-

Date of issue: October 1, 1999

City of Burton
Schedule of Debt Service Requirements
Capital Lease – DPW Vehicles

Capital lease payable – Three DPW Vehicles:

<u>Payment Date</u>	<u>Principal Balance</u>	<u>Total Payment</u>	<u>Interest Portion</u>	<u>Principal Portion</u>
6-30-04	\$274,433			
7-10-04	249,483	\$ 38,506	\$ 13,556	\$ 24,950
7-10-05	223,300	38,507	12,324	26,183
7-10-06	195,824	38,506	11,030	27,476
7-10-07	166,991	38,506	9,673	28,833
7-10-08	136,734	38,506	8,249	30,257
7-10-09	104,981	38,507	6,754	31,752
7-10-10	71,661	38,507	5,186	33,321
7-10-11	36,694	38,506	3,540	34,967
7-10-12	-	38,506	1,812	36,694
		<u>\$346,557</u>	<u>\$ 72,124</u>	<u>\$274,433</u>

Interest rate: 4.9397%

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Project W-85-1

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal September 1</u>	<u>Balance</u>
			<u>September 1</u>	<u>March 1</u>		
6-30-2005	9.75%	\$ 5,732	\$ 488	\$ 244	\$ 5,000	\$ 10,000
6-30-2006	9.75	5,436	244	192	5,000	5,000
		<u>\$ 11,168</u>	<u>\$ 732</u>	<u>\$ 436</u>	<u>\$ 10,000</u>	-

Dated November 1, 1985.

Bonds of this issue are not subject to redemption prior to maturity.

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Project P-89-1

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
6-30-2005	7.25%	<u>\$ 25,906</u>	<u>\$ 906</u>	<u>\$ -0-</u>	<u>\$ 25,000</u>	\$ 25,000 -

Bonds of this series are dated October 1, 1989. Bonds maturing on or after October 1, 1999, will be subject to redemption prior to maturity at the option of the City in such order as the City shall determine on any one or more interest payment dates on or after October 1, 1997, at par plus accrued interest plus a premium as follows:

Premium

2%
1%
0%

Redemption Dates

10/1/1995 - 10/1/2001
10/1/2001 - 10/1/2004
Thereafter

Interest rates range between 6.7% and 7.25%.

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Projects P-89-4 and P-89-7

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
6-30-2005	7.50%	<u>\$ 25,937</u>	<u>\$ 937</u>	<u>\$ -0-</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u> -

<u>Fund</u>	<u>Balance June 30, 2004</u>	<u>%</u>
P-89-4	\$ 9,375	37.5%
P-89-7	<u>15,625</u>	<u>62.5</u>
	<u>\$ 25,000</u>	<u>100.0%</u>

Bonds of this series are dated May 1, 1990. Bonds maturing on or after May 1, 1999, will be subject to redemption prior to maturity at the option of the City in such order as the City shall determine on any one or more interest payment dates on or after May 1, 1999, at par plus accrued interest plus a premium as follows:

<u>Premium</u>	<u>Redemption Dates</u>
1%	05/1/1998 - 05/1/2001
1/2%	05/1/2001 - 05/1/2022
0%	Thereafter

Interest rates range between 6.9% and 7.5%.

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Projects P-89-3, P-89-5, P-89-6, and P-90-1

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
6-30-2005	6.20%	\$137,312	\$ 8,094	\$ 4,218	\$125,000	\$275,000
6-30-2006	5.63	154,219	4,219	-	150,000	150,000
		<u>\$291,531</u>	<u>\$ 12,313</u>	<u>\$ 4,218</u>	<u>\$275,000</u>	-

<u>Fund</u>	<u>Balance</u>	<u>%</u>
	<u>June 30, 2004</u>	
P-89-3	\$154,875	56.3%
P-89-5	41,250	15.0
P-89-6	55,000	20.0
P-90-1	<u>23,875</u>	<u>8.7</u>
	<u>\$275,000</u>	<u>100.0%</u>

Dated May 1, 1991.

Bonds maturing in the years 2001 to 2005, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in such order as the City shall determine, on any interest payment date on or after October 1, 1999, at par and accrued interest plus a premium as follows:

1/2% of the principal amount of each bond called for redemption on or after October 1, 2001, but prior to October 1, 2002.

No premium called after October 1, 2002.

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Project W-91-1

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
6-30-2005	4.00%	\$ 11,000	\$ 600	\$ 400	\$ 10,000	\$ 30,000
6-30-2006	4.00	10,600	400	200	10,000	20,000
6-30-2007	4.00	10,200	200	-	10,000	10,000
		<u>\$ 31,800</u>	<u>\$ 1,200</u>	<u>\$ 600</u>	<u>\$ 30,000</u>	-

Bonds of this series are dated November 1, 1991.

Bonds or portions of bonds in multiples of \$5,000 of this issue maturing in the years 2002 to 2006, inclusive shall be subject to redemption prior to maturity, at the option of the City, in any order of maturity and by lot within any maturity, on any interest payment date on or after October 1, 2001, at par and accrued interest to the date fixed for redemption, plus a premium expressed as a percentage of par, as follows:

1% of the principal amount of each bond or portion thereof called for redemption on or after October 1, 2001, but prior to October 1, 2004.

1/2% of the par value of each bond or portion thereof called for redemption on or after October 1, 2004, but prior to maturity.

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Projects P-92-1, P-92-2, P-92-3, P-92-4, P-92-5, P-92-7,
P-92-8, P-92-9, P-92-10, P-92-11, and P-92-14

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
6-30-2005	5.30%	<u>\$ 51,325</u>	<u>\$ 1,325</u>	<u>\$ -0-</u>	<u>\$ 50,000</u>	\$ 50,000 -

<u>Fund</u>	<u>Balance June 30, 2004</u>	<u>%</u>
P-92-1	\$ 6,050	12.1%
P-92-2	5,400	10.8
P-92-3	2,700	5.4
P-92-4	6,100	12.2
P-92-5	3,350	6.7
P-92-7	7,400	14.8
P-92-8	2,100	4.2
P-92-9	2,700	5.4
P-92-10	3,400	6.8
P-92-11	6,050	12.1
P-92-14	4,750	9.5
	<u>\$ 50,000</u>	<u>100.0%</u>

Dated May 1, 1993.

Bonds maturing in the year 2001 to 2004, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in such order as the City shall determine, on any interest payment date on or after October 1, 1999, at par and accrued interest plus a premium as follows:

1/2% of the principal amount of each bond called for redemption on or after October 1, 1999, but prior to October 1, 2001.

No premium called on or after October 1, 2001.

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Projects P-93-2, P-93-3, P-93-5, P-93-6, P-93-7, P-93-11
P-93-13, P-93-15, P-93-16, P-93-18, P-93-19, P-93-20,
P-93-23, P-93-24, P-93-27, P-93-29, and P-93-30

<u>Year Ended</u>	<u>Interest</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
6-30-2005	5.70%	\$108,650	\$ 5,750	\$ 2,900	\$100,000	\$200,000
6-30-2006	5.80	102,900	2,900	-	100,000	100,000
						-
		<u>\$211,550</u>	<u>\$ 8,650</u>	<u>\$ 2,900</u>	<u>\$200,000</u>	

<u>Fund</u>	<u>Balance June 30, 2004</u>	<u>%</u>	<u>Fund</u>	<u>Balance June 30, 2004</u>	<u>%</u>
P-93-2	\$ 13,894	7.0%	P-93-18	9,550	4.8
P-93-3	14,590	7.3	P-93-19	4,302	2.2
P-93-5	10,288	5.1	P-93-20	11,597	5.8
P-93-6	10,776	5.4	P-93-23	13,156	6.6
P-93-7	10,776	5.4	P-93-24	7,295	3.6
P-93-11	17,583	8.8	P-93-27	17,583	8.8
P-93-13	19,755	9.9	P-93-29	7,295	3.6
P-93-15	8,854	4.4	P-93-30	8,116	4.0
P-93-16	14,590	7.3			
				<u>\$200,000</u>	<u>100.0%</u>

Dated May 1, 1994.

Bonds or portions thereof maturing in the years 2002 to 2005, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in such order as the City shall determine, on any interest payment date on or after October 1, 2001, at par and accrued interest, plus a premium, as follows:

1/2% of the principal amount of each bond or portion thereof called for redemption on or after October 1, 2001, but prior to October 1, 2002.

No premium shall be paid on bonds or portions thereof called for redemption on or after October 1, 2002.

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Projects P-94-1, P-94-7, P-94-12, P-94-14, and P-94-15

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
6-30-2005	5.45%	\$ 46,130	\$ 3,610	\$ 2,520	\$ 40,000	\$130,000
6-30-2006	5.55	48,792	2,520	1,272	45,000	90,000
6-30-2007	5.65	46,272	1,272	-	45,000	45,000
						-
		<u>\$141,194</u>	<u>\$ 7,402</u>	<u>\$ 3,792</u>	<u>\$130,000</u>	

<u>Fund</u>	<u>Balance June 30, 2004</u>	<u>%</u>
P-94-1	\$ 22,718	17.5%
P-94-7	38,211	29.4
P-94-12	14,129	10.9
P-94-14	35,612	27.3
P-94-15	19,330	14.9
	<u>\$130,000</u>	<u>100.0%</u>

Dated May 1, 1995.

Bonds maturing in the years 2004 to 2006, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in such order as the City shall determine, on any interest payment date on or after October 1, 2004, at par and accrued interest.

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Projects P-95-1, P-95-2, P-95-4, P-95-5, P-95-9, P-95-10, P-95-20, and P-95-20A

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
						\$255,000
6-30-2005	5.30%	\$ 72,335	\$ 6,962	\$ 5,373	\$ 60,000	195,000
6-30-2006	5.40	64,260	5,372	3,888	55,000	140,000
6-30-2007	5.50	70,988	3,888	2,100	65,000	75,000
6-30-2008	5.60	77,100	2,100	-	75,000	-
		<u>\$284,683</u>	<u>\$ 18,322</u>	<u>\$ 11,361</u>	<u>\$255,000</u>	

<u>Fund</u>	<u>Balance June 30, 2004</u>	<u>%</u>
P-95-1	\$ 45,828	18.0%
P-95-2	49,276	19.3
P-95-4	38,602	15.1
P-95-5	7,240	2.8
P-95-9	52,724	20.7
P-95-10	45,693	17.9
P-95-20	10,744	4.2
P-95-20A	4,893	2.0
	<u>\$255,000</u>	<u>100.0%</u>

Dated May 1, 1996.

Bonds maturing in the years 2005 to 2007, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in such order as the City shall determine, on any interest payment date on or after October 1, 2004, at par and accrued interest.

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Projects P-96-5, P-96-7, and P-96-9

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
6-30-2005	4.90%	\$ 36,885	\$ 3,810	\$ 3,075	\$ 30,000	\$150,000
6-30-2006	5.00	35,400	3,075	2,325	30,000	120,000
6-30-2007	5.10	33,885	2,325	1,560	30,000	90,000
6-30-2008	5.20	32,340	1,560	780	30,000	60,000
6-30-2009	5.20	30,780	780	-	30,000	30,000
		<u>\$169,290</u>	<u>\$ 11,550</u>	<u>\$ 7,740</u>	<u>\$150,000</u>	-

<u>Fund</u>	<u>Balance June 30, 2004</u>	<u>%</u>
P-96-5	\$ 17,772	11.9%
P-96-7	91,466	60.9
P-96-9	40,762	27.2
	<u>\$150,000</u>	<u>100.0%</u>

Dated May 1, 1997.

Bonds maturing in the years 2006 to 2008, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in such order as the City shall determine, on any interest payment date on or after October 1, 2005, at par and accrued interest.

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Projects P-97-2, P-97-3, P-97-4, P-97-5, P-97-6, P-97-7, P-97-8, and W-97-1

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
						\$620,000
6-30-2005	4.50%	\$102,783	\$ 14,735	\$ 13,048	\$ 75,000	545,000
6-30-2006	4.60	99,370	13,048	11,322	75,000	470,000
6-30-2007	4.60	95,920	11,323	9,597	75,000	395,000
6-30-2008	4.60	92,470	9,598	7,872	75,000	320,000
6-30-2009	4.70	88,983	7,873	6,110	75,000	245,000
6-30-2010	4.80	85,420	6,110	4,310	75,000	170,000
6-30-2011	4.90	47,640	4,310	3,330	40,000	130,000
6-30-2012	5.00	26,160	3,330	2,830	20,000	110,000
6-30-2013	5.10	25,150	2,830	2,320	20,000	90,000
6-30-2014	5.10	24,130	2,320	1,810	20,000	70,000
6-30-2015	5.15	23,105	1,810	1,295	20,000	50,000
6-30-2016	5.15	22,075	1,295	780	20,000	30,000
6-30-2017	5.20	16,170	780	390	15,000	15,000
6-30-2018	5.20	15,390	390	-	15,000	-
		<u>\$764,766</u>	<u>\$ 79,752</u>	<u>\$ 65,014</u>	<u>\$620,000</u>	

<u>Fund</u>	<u>Assessment Period</u>	<u>Balance June 30, 2004</u>	<u>Collection Period %</u>
P-97-2	12 years	\$ 44,595	7.2%
P-97-3	12 years	56,588	9.1
P-97-4	12 years	38,630	6.2
P-97-5	12 years	41,650	6.7
P-97-6	12 years	53,577	8.6
P-97-7	12 years	37,425	6.0
P-97-8	12 years	140,940	22.8
W-97-1	20 years	206,595	33.4
		<u>\$620,000</u>	<u>100.0%</u>

Dated May 1, 1998.

Bonds maturing in the years 2005 to 2017, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in such order as the City shall determine, on any interest payment date on or after October 1, 2004, at par and accrued interest.

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Projects P-98-5, W-98-1, and SS-98-1

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
						\$990,000
6-30-2005	4.20%	\$ 139,915	\$ 21,008	\$ 18,907	\$ 100,000	890,000
6-30-2006	4.20	135,715	18,907	16,808	100,000	790,000
6-30-2007	4.20	131,515	16,808	14,707	100,000	690,000
6-30-2008	4.20	127,315	14,707	12,608	100,000	590,000
6-30-2009	4.20	123,115	12,608	10,507	100,000	490,000
6-30-2010	4.20	118,915	10,507	8,408	100,000	390,000
6-30-2011	4.25	114,690	8,408	6,282	100,000	290,000
6-30-2012	4.30	110,415	6,282	4,133	100,000	190,000
6-30-2013	4.35	106,090	4,133	1,957	100,000	90,000
6-30-2014	4.35	91,957	1,957	-	90,000	-
		<u>\$1,199,642</u>	<u>\$115,325</u>	<u>\$ 94,317</u>	<u>\$990,000</u>	

<u>Fund</u>	<u>Balance</u>	<u>%</u>
	<u>June 30, 2004</u>	
P-98-5	\$618,750	62.5%
W-98-1	158,045	16.0
SS-98-1	213,205	21.5
	<u>\$990,000</u>	<u>100.0%</u>

Dated October 1, 1998.

Bonds or portions thereof maturing in the years 2005 to 2014, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in such order as the City shall determine, on any interest payment date on or after October 1, 2004, at par and accrued interest, plus a premium, as follows:

1% of the principal amount of each bond or portion thereof called for redemption on or after October 1, 2004, but prior to October 1, 2006.

½% of the principal amount of each bond or portion thereof called for redemption on or after October 1, 2006, but prior to October 1, 2008.

No premium shall be paid on bonds or portions thereof called for redemption on or after October 1, 2008.

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Projects P-98-3, P-98-7, P-98-13, P-98-14, W98-2, W-98-3, SS-98-2, and SS-98-3

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
						\$1,700,000
6-30-2005	4.00%	\$ 270,475	\$ 37,238	\$ 33,237	\$ 200,000	1,500,000
6-30-2006	4.05	237,931	33,237	29,694	175,000	1,325,000
6-30-2007	4.10	230,800	29,694	26,106	175,000	1,150,000
6-30-2008	4.20	223,538	26,106	22,432	175,000	975,000
6-30-2009	4.30	216,100	22,432	18,668	175,000	800,000
6-30-2010	4.45	184,000	18,668	15,332	150,000	650,000
6-30-2011	4.60	177,213	15,332	11,881	150,000	500,000
6-30-2012	4.70	170,237	11,881	8,356	150,000	350,000
6-30-2013	4.75	187,556	8,356	4,200	175,000	175,000
6-30-2014	4.80	179,200	4,200	-	175,000	-
		<u>\$2,077,050</u>	<u>\$207,144</u>	<u>\$169,906</u>	<u>\$1,700,000</u>	

<u>Fund</u>	<u>Assessment Period</u>	<u>Balance June 30, 2004</u>	<u>Collection Period %</u>
P-98-3	12 years	\$ 58,220	3.4%
P-98-7	12 years	103,400	6.1
P-98-13	15 years	717,840	42.2
P-98-14	15 years	259,940	15.3
W-98-2	15 years	163,860	9.6
W-98-3	15 years	75,220	4.4
SS-98-2	15 years	188,140	11.1
SS-98-3	15 years	133,380	7.9
		<u>\$1,700,000</u>	<u>100.0%</u>

Dated May 1, 1999.

Bonds or portions thereof maturing in the years 2004 to 2013, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in such order as the City shall determine, on any interest payment date on or after October 1, 2004, at par and accrued interest, plus a premium, as follows:

½% of the principal amount of each bond or portion thereof called for redemption on or after October 1, 2004, but prior to October 1, 2004.

No premium shall be paid on bonds or portions thereof called for redemption on or after October 1, 2004.

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Projects P-99-1, P-00-3, and P-02-2

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
						\$465,000
6-30-2005	2.00%	\$ 32,788	\$ 6,494	\$ 6,294	\$ 20,000	445,000
6-30-2006	2.00	32,388	6,294	6,094	20,000	425,000
6-30-2007	2.00	61,688	6,094	5,594	50,000	375,000
6-30-2008	2.00	60,688	5,594	5,094	50,000	325,000
6-30-2009	2.25	34,906	5,094	4,812	25,000	300,000
6-30-2010	2.55	34,306	4,812	4,494	25,000	275,000
6-30-2011	2.80	33,638	4,494	4,144	25,000	250,000
6-30-2012	3.00	32,913	4,145	3,768	25,000	225,000
6-30-2013	3.05	32,156	3,768	3,388	25,000	200,000
6-30-2014	3.15	31,381	3,388	2,993	25,000	175,000
6-30-2015	3.25	30,581	2,993	2,588	25,000	150,000
6-30-2016	3.35	54,337	2,587	1,750	50,000	100,000
6-30-2017	3.45	52,637	1,750	887	50,000	50,000
6-30-2018	3.55	50,887	887	-	50,000	-
		<u>\$575,294</u>	<u>\$ 58,394</u>	<u>\$ 51,900</u>	<u>\$465,000</u>	

<u>Fund</u>	<u>Assessment Period</u>	<u>Balance June 30, 2004</u>	<u>Collection Period %</u>
P-99-1	15 years	\$ 58,125	12.5%
P-00-3	15 years	96,875	20.8
P-02-2	15 years	310,000	66.7
		<u>\$465,000</u>	<u>100.0%</u>

Dated June 1, 2002.

Bonds or portions thereof in multiples of \$5,000, maturing in the years 2009 to 2017, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in any order of maturity and within any maturity by lot, on any interest payment date on or after October 1, 2008, at par and accrued interest to the date fixed for redemption.

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Projects P-03-1, W-03-1, and SS-03-1

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
						\$2,965,000
6-30-2005	2.00%	\$ 246,750	\$ 41,700	\$ 40,050	\$ 165,000	2,800,000
6-30-2006	2.00	278,100	40,050	38,050	200,000	2,600,000
6-30-2007	2.00	274,100	38,050	36,050	200,000	2,400,000
6-30-2008	2.00	270,100	36,050	34,050	200,000	2,200,000
6-30-2009	2.25	265,850	34,050	31,800	200,000	2,000,000
6-30-2010	2.55	261,050	31,800	29,250	200,000	1,800,000
6-30-2011	2.80	255,700	29,250	26,450	200,000	1,600,000
6-30-2012	3.00	249,900	26,450	23,450	200,000	1,400,000
6-30-2013	3.05	243,850	23,450	20,400	200,000	1,200,000
6-30-2014	3.15	237,650	20,400	17,250	200,000	1,000,000
6-30-2015	3.25	231,250	17,250	14,000	200,000	800,000
6-30-2016	3.35	224,650	14,000	10,650	200,000	600,000
6-30-2017	3.45	217,850	10,650	7,200	200,000	400,000
6-30-2018	3.55	210,850	7,200	3,650	200,000	200,000
6-30-2019	3.65	203,650	3,650	-	200,000	-
		<u>\$3,671,300</u>	<u>\$374,000</u>	<u>\$332,300</u>	<u>\$2,965,000</u>	

<u>Fund</u>	<u>Assessment Period</u>	<u>Balance June 30, 2004</u>	<u>Collection Period %</u>
P-03-1	16 years	\$2,040,012	68.8%
W-03-1	16 years	392,928	13.2
SS-03-1	16 years	532,060	18.0
		<u>\$2,965,000</u>	<u>100.0%</u>

Dated June 1, 2003.

Bonds or portions thereof in multiples of \$5,000, maturing in the years 2009 to 2018, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in any order of maturity and within any maturity by lot, on any interest payment date on or after October 1, 2008, at par and accrued interest to the date fixed for redemption.

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Projects P-04-1, W-04-1, and SS-04-1

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
						\$2,025,000
6-30-2005	2.25%	\$ 137,931	\$ 31,887	\$ 31,044	\$ 75,000	1,950,000
6-30-2006	2.25	210,400	31,044	29,356	150,000	1,800,000
6-30-2007	2.25	207,025	29,356	27,669	150,000	1,650,000
6-30-2008	2.25	203,650	27,669	25,981	150,000	1,500,000
6-30-2009	2.40	200,162	25,981	24,181	150,000	1,350,000
6-30-2010	2.70	196,338	24,181	22,157	150,000	1,200,000
6-30-2011	3.00	192,063	22,156	19,907	150,000	1,050,000
6-30-2012	3.30	187,337	19,906	17,431	150,000	900,000
6-30-2013	3.45	182,275	17,431	14,844	150,000	750,000
6-30-2014	3.65	152,406	14,844	12,562	125,000	625,000
6-30-2015	3.80	147,750	12,563	10,187	125,000	500,000
6-30-2016	3.90	142,938	10,188	7,750	125,000	375,000
6-30-2017	4.00	138,000	7,750	5,250	125,000	250,000
6-30-2018	4.15	132,906	5,250	2,656	125,000	125,000
6-30-2019	4.25	127,656	2,656	-	125,000	-
		<u>\$2,558,837</u>	<u>\$282,862</u>	<u>\$250,975</u>	<u>\$2,025,000</u>	

<u>Fund</u>	<u>Assessment Period</u>	<u>Balance June 30, 2004</u>	<u>Collection Period %</u>
P-04-1	15 years	\$1,284,673	63.4%
W-04-1	15 years	347,883	17.2
SS-04-1	15 years	392,444	19.4
		<u>\$2,025,000</u>	<u>100.0%</u>

Dated April 1, 2004.

Bonds maturing in the years 2004 to 2012, inclusive, shall not be subject to redemption prior to maturity.

Bonds or portions thereof in multiples of \$5,000, maturing in the years 2013 to 2018, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in any order of maturity and within any maturity by lot, on any interest payment date on or after October 1, 2012, at par and accrued interest to the date fixed for redemption.

**CITY OF BURTON
CURRENT TAX SUMMARY 2003 ROLL
FOR THE YEAR ENDED JUNE 30, 2004**

	State Taxable Valuation	Tax Rate	Taxes Levied	Adjustments
Genesee County Treasurer				
County Tax	\$ 626,782,150	5.5228 %	\$ 3,460,962	\$ 561
Intermediate District	626,782,150	0.1641	102,769	19
Special Education		2.4164	1,514,208	280
Vocational Education		0.9664	605,541	112
Mott Community College	626,782,150	2.7466	1,721,084	318
County Park	626,782,150	0.4861	304,561	49
Library	626,782,150	0.7603	476,396	77
Drain Tax Individual		0.0000	107,117	-
Mass Transportation	626,782,150	0.3959	248,033	40
Paramedic	626,782,150	0.4861	304,561	49
Airport	626,782,150	0.4861	304,561	49
State Education Tax (1)	626,782,150	6.0000	3,133,332	579
			12,283,125	2,133
Burton City Treasurer				
City Tax	626,782,150	4.7450	2,973,464	550
Downtown Development Authority	15,913,812	1.8923	30,114	-
Sewer Bonds	626,782,150	1.1000	689,285	127
Police Millage	626,782,150	0.9488	594,511	110
Special Assessments - Water Improvements			34,313	-
Special Assessments - Street Improvements			403,948	-
Special Assessments - Sanitary Sewer Improvements			13,596	-
Hydrant Fees			-	-
Delinquent Fees			183,850	(7,856)
Rubbish Collection Fees			1,272,565	-
Administration Fees			229,972	(297)
			6,425,618	(7,366)
School District #25-030 (Grand Blanc) (2)	56,865,100			
Operating		17.6344	129,040	(11,161)
Debt		2.7779	157,959	-
			286,999	(11,161)
School District #25-060 (Bendle) (2)	88,711,240			
Operating		17.8776	777,000	(3,115)
Building /Site		1.9600	173,866	(24)
			950,866	(3,139)

(1) Michigan State Law requires 6 mills to be levied against all real and personal property.

(2) The taxable value for each school district represents the value of both homestead and non-homestead properties. In accordance with Michigan State Law, operating millages are only levied on the non-homestead portion.

Adjusted Levy	Returned Delinquent Property Taxes		Taxes Collected by Municipality
	Real	Personal	
\$ 3,461,523	\$ 305,644	\$ 31,877	\$ 3,124,002
102,788	6,348	571	95,869
1,514,488	93,768	8,419	1,412,301
605,653	37,448	3,367	564,838
1,721,402	106,580	9,569	1,605,253
304,610	26,845	2,805	274,960
476,473	41,981	4,387	430,105
107,117	12,590	-	94,527
248,073	21,853	2,284	223,936
304,610	26,845	2,805	274,960
304,610	26,859	2,805	274,946
3,133,911	192,755	17,423	2,923,733
12,285,258	899,517	86,312	11,299,430
2,974,014	184,212	16,534	2,773,268
30,114	4,405	531	25,179
689,412	42,612	3,833	642,967
594,621	36,808	3,305	554,508
34,313	4,782	-	29,531
403,948	72,686	-	331,262
13,596	6,275	-	7,321
-	-	-	-
175,994	54,887	-	121,107
1,272,565	105,053	-	1,167,512
229,675	16,835	2,087	210,753
6,418,252	528,555	26,290	5,863,408
117,879	12,611	894	104,374
157,959	6,473	141	151,345
275,838	19,084	1,035	255,719
773,885	119,994	20,728	633,163
173,842	22,573	2,272	148,997
947,727	142,567	23,000	782,160

(continued)

CITY OF BURTON
CURRENT TAX SUMMARY 2003 TAX ROLL (continued)
FOR THE YEAR ENDED JUNE 30, 2004

	State Taxable Valuation	Tax Rate	Taxes Levied	Adjustments
School District #25- 080 (Carman-Ainsworth) (2)	29,018,760			
Operating		18.0000	327,114	(1,018)
Building/Site		4.0091	116,560	(227)
			<u>443,674</u>	<u>(1,244)</u>
School District #25-110 (Kearsley) (2)	103,185,830			
Operating		18.0000	483,975	(3,346)
Debt		3.2427	334,610	(18)
			<u>818,585</u>	<u>(3,364)</u>
School District #25-130 (Atherton) (2)	189,765,260			
Operating		17.9172	2,095,697	(4,928)
Debt		3.4800	660,267	83
			<u>2,755,964</u>	<u>(4,845)</u>
School District #25-140 (Davison) (2)	24,940,320			
Operating		17.7078	41,638	-
Debt		3.4428	85,859	-
			<u>127,497</u>	<u>-</u>
School District #25-230 (Bentley) (2)	134,239,065			
Operating		17.7918	899,786	(9,081)
Debt		1.9680	264,026	239
			<u>1,163,812</u>	<u>(8,842)</u>
Grand total			<u>\$ 25,256,140</u>	<u>\$ (37,828)</u>

- (1) Michigan State Law requires 6 mills to be levied against all real and personal property.
(2) The taxable value for each school district represents the value of both homestead and non-homestead properties. In accordance with Michigan State Law, operating millages are only levied on the non-homestead portion.

Adjusted Levy	Returned Delinquent Property Taxes		Taxes Collected by Municipality
	Real	Personal	
326,096	42,160	2,173	281,763
116,333	11,993	484	103,856
442,429	54,153	2,656	385,619
480,629	31,021	8,017	441,590
334,592	21,792	1,444	311,356
815,221	52,813	9,461	752,946
2,090,769	138,384	34,610	1,917,775
660,350	46,011	6,722	607,617
2,751,119	184,395	41,332	2,525,392
41,638	3,254	489	37,895
85,859	8,661	95	77,103
127,497	11,915	584	114,998
890,705	47,216	17,609	825,880
264,265	17,120	1,948	245,197
1,154,970	64,336	19,557	1,071,077
\$ 25,218,311	\$ 1,957,335	\$ 210,227	\$ 23,050,749

Statistical Section

Table 1

City of Burton
General Governmental Expenditures by Function⁽¹⁾ - Unaudited
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Service</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Parks and Recreation</u>
1995 ⁽²⁾	\$1,276,272	\$1,243,279	\$3,265,330	\$ 743,936	\$ 3,583
1996	1,452,764	1,262,232	3,553,036	940,104	7,829
1997	1,549,727	1,525,999	3,800,894	1,013,336	34,869
1998	1,455,424	1,560,142	3,752,941	847,527	17,534
1999	1,576,958	1,683,018	4,219,736	1,105,242	21,244
2000	1,699,387	1,838,712	4,368,198	909,272	39,478
2001	1,805,473	1,920,914	4,879,505	1,223,576	85,958
2002	1,931,443	1,839,800	5,285,917	1,062,793	124,535
2003	1,937,602	1,819,002	5,630,884	1,312,656	100,128
2004	2,066,601	1,669,874	6,071,922	1,614,097	60,582

NOTES:

- (1) Expenditures include those of the General, Special Revenue, Debt Service, and Capital Projects Funds.
- (2) In 1995, in accordance with GASB Statement 14, the Downtown Development Authority and Economic Development Corporation were determined to be a component unit of the City of Burton and the presentation of their financial information was changed to a discrete presentation. Accordingly, the financial information for these component units is no longer included in this statistical table.

<u>Planning</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
\$ 15,054	\$1,401,854	\$3,230,578	\$11,179,886
47,981	697,936	3,143,699	11,105,581
50,794	892,172	3,194,207	12,061,998
74,606	1,473,037	3,110,217	12,291,428
93,237	5,042,752	2,862,182	16,604,359
77,943	4,902,795	3,118,881	16,954,666
91,675	401,992	3,077,106	13,486,199
87,002	1,588,402	2,769,357	14,689,249
83,586	1,737,094	2,826,440	15,447,392
90,016	2,687,880	2,428,679	16,689,651

Table 2

City of Burton
General Governmental Revenues by Source⁽¹⁾ - Unaudited
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Special Assessments</u>	<u>Licenses and Permits</u>	<u>Inter- Governmental</u>	<u>Charges for Services</u>
1995 ⁽²⁾	\$3,284,992	\$1,078,624	\$305,613	\$3,597,153	\$1,349,084
1996	3,372,396	1,102,947	312,962	3,790,792	1,298,351
1997	3,520,829	1,028,305	380,910	4,137,688	1,437,147
1998	3,745,767	1,013,671	462,045	4,397,512	1,520,335
1999	3,751,050	871,606	486,123	4,839,211	1,564,032
2000	3,898,239	1,259,921	518,313	5,551,484	1,650,984
2001	4,070,202	1,622,467	568,492	5,376,527	1,756,856
2002	4,246,019	1,615,069	464,378	5,901,165	1,818,549
2003	4,618,537	1,010,984	273,534	6,065,891	1,840,727
2004	4,246,263	496,260	531,829	6,737,739	1,909,134

NOTE:

- (1) Revenues include those for the General, Special Revenue, Debt Service, and Capital Project Funds.
- (2) In 1995, in accordance with GASB Statement 14, the Downtown Development Authority and Economic Development Corporation were determined to be a component unit of the City of Burton and the presentation of their financial information was changed to a discrete presentation. Accordingly, the financial information for these component units is no longer included in this statistical table.

<u>Fines And Forfeits</u>	<u>Interest</u>	<u>Miscellaneous</u>	<u>Net Investment Income (Loss)</u>	<u>Total</u>
\$ 90,105	\$626,296	\$101,092	\$ -	\$10,432,959
82,413	611,642	108,331	-	10,679,834
100,612	579,135	295,841	-	11,480,467
100,983	608,974	251,719	-	12,101,006
124,083	684,575	206,871	-	12,527,551
99,989	774,639	193,297	-	13,952,866
114,784	705,009	169,156	-	14,383,493
114,429	371,549	196,030	(32,782)	14,694,406
94,835	239,308	223,565	(4,534)	14,357,847
105,520	377,282	219,457	18,126	14,641,610

Table 3

City of Burton
Property Tax Levies and Collections - Unaudited
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>
1995 ⁽³⁾	\$3,275,592	\$3,005,998	91.7%	\$255,808	\$3,261,806
1996	3,378,031	3,128,359	92.6	236,439	3,364,798
1997	3,489,136	3,227,929	92.5	248,473	3,476,402
1998	3,705,938	3,426,132	92.4	265,230	3,691,362
1999	3,744,863	3,462,489	92.5	269,814	3,732,303
2000	3,914,383	3,657,225	93.4	244,598	3,901,823
2001	4,076,132	3,772,068	92.5	304,064	4,053,984
2002	4,246,434	3,915,109	92.2	331,325	4,222,943
2003	4,401,935	4,117,703	93.5	284,232	4,382,221
2004	4,288,160	3,995,920	93.0	268,037	4,263,957

NOTES:

- (1) The delinquent taxes have been written off in these years.
- (2) Real Property Taxes which become delinquent are paid in full by the Genesee County Delinquent Tax Revolving Fund. As a result, percent of collections for Real Property Taxes is 100 percent.
- (3) In 1995, in accordance with GASB Statement 14, the Downtown Development Authority was determined to be a component unit of the City of Burton and the presentation of its financial information was changed to a discrete presentation. Accordingly, the financial information for this component until is no longer included in this statistical table.

<u>Percent of Total Tax Collections To Tax Levy⁽²⁾</u>	<u>June 30, 2004 Outstanding Delinquent To Tax Levy</u>	<u>Percent of Delinquent Taxes To Tax Levy</u>
99.5%	\$ 13,786 ⁽¹⁾	.42%
99.5	13,233 ⁽¹⁾	.39
99.5	12,734 ⁽¹⁾	.36
99.5	14,576	.39
99.3	17,770	.47
99.7	12,560	.32
99.5	22,148	.54
99.4	23,491	.55
99.6	19,714	.45
99.4	24,203	.56

Table 4

City of Burton
Assessed and State Equalized Value of Taxable Property - Unaudited
Last Ten Fiscal Years

Fiscal Year	Real Property		Ratio of Total State Equalized/Taxable Value to Assessed Value	Personal Property	
	Assessed Value ⁽¹⁾	State Equalized/ Taxable Value ⁽¹⁾		Assessed Value	State Equalized/ Taxable Value
1995	\$339,374,987	\$339,374,987	1.00%	\$43,503,500	\$43,503,500
1996	349,502,191	349,388,230 ⁽²⁾	1.00	45,925,800	45,925,800 ⁽²⁾
1997	378,889,944	370,601,340	0.98	49,703,100	49,703,100
1998	416,933,410	394,672,020	0.95	51,633,400	51,633,400
1999	448,831,280	418,172,550	0.93	56,178,300	56,178,300
2000	487,262,970	441,520,910	0.91	57,223,500	57,223,500
2001	531,146,514	471,193,604	0.89	60,837,700	60,835,190
2002	582,275,220	506,004,860	0.87	64,749,800	64,749,800
2003	643,828,530	537,442,670	0.83	64,179,500	64,092,500
2004	694,114,900	564,377,540	0.81	62,288,800	62,288,800

NOTES:

- (1) Assessed values are established annually by the county and equalized by the state. State equalized/taxable values represent 50% of market value as determined by the Michigan State Tax Commission on the fourth Monday in May of each year.
- (2) Beginning with June 30, 1996 fiscal year, taxable value replaced state equalized value.

**Ratio of
Total State
Equalized/Taxable
Value to
Assessed
Value**

1.00%
1.00
1.00
1.00
1.00
1.00
1.00
1.00
1.00
1.00
1.00

T o t a l

**Assessed
Value**

\$382,878,487
395,427,991
428,593,044
468,566,810
505,009,580
544,486,470
591,986,214
647,025,020
708,008,030
756,403,700

**State
Equalized/
Taxable Value**

\$382,878,487
395,314,030 ⁽²⁾
420,304,440
446,305,420
474,350,850
498,744,410
532,028,794
570,754,660
601,535,170
626,666,340

**Ratio of
Total State
Equalized/
Taxable Value
to Assessed
Value**

1.00%
1.00
0.98
0.95
0.94
0.92
0.90
0.88
0.85
0.83

Table 5

City of Burton
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of State Equalized Valuation) - Unaudited
Last Ten Fiscal Years

<u>Municipality</u>	<u>Type of Levy</u>	<u>2003-2004</u>	<u>2002-2003</u>	<u>2001-2002</u>
City of Burton -	Operating	\$ 4.75	\$ 4.78	\$ 4.79
	Debt	1.10	1.60	1.70
	Police Millage	0.95	0.95	0.96
	Downtown Development Authority ⁽²⁾	1.89	1.91	1.84
Genesee County -	Operating	5.52	5.55	5.57
	Parks	0.49	0.49	0.49
	Library	0.76	0.77	0.77
	Paramedic	0.49	0.49	0.49
	Airport	0.49	0.49	0.49
	Mass Transportation ⁽⁴⁾	0.40	0.40	0.40
State Education tax ⁽³⁾		6.00	6.00	6.00
Atherton School #25-130 District ⁽¹⁾ -	Operating	17.92	17.92	17.92
	Debt	3.48	3.48	1.99
Genesee Intermediate School District -	Operating	3.55	3.57	3.58
Mott Community College -	Operating	2.75	2.01	2.02
	Debt	0.00	0.82	0.85
Totals		<u>\$50.54</u>	<u>\$ 51.23</u>	<u>\$ 49.86</u>

NOTES:

- (1) The City of Burton is situated within the boundaries of several school districts. Atherton School District's tax rates were selected for use in this table as these are representative of rates a Burton resident would be likely to pay in school taxes.
- (2) Beginning in year ending June 30, 1994, the Downtown Development Authority is presented as a discretely presented component unit on the financial statements.

<u>2000-2001</u>	<u>1999-2000</u>	<u>1998-1999</u>	<u>1997-1998</u>	<u>1996-1997</u>	<u>1995-1996</u>	<u>1994-1995</u>
\$ 4.80	\$ 4.83	\$ 4.84	\$ 4.84	\$ 4.84	\$ 4.84	\$ 4.84
1.90	2.00	2.10	2.50	2.50	2.75	2.75
0.96	0.97	0.97	0.97	0.97	0.97	0.97
1.93	1.93	1.93	1.94	1.94	1.94	1.94
5.58	5.58	5.59	5.59	5.59	5.59	5.59
0.49	0.49	0.49	0.49	0.49	0.49	0.49
0.78	0.78	0.79	0.69	0.69	0.69	0.69
0.49	0.49	0.49	0.49	0.49	0.49	0.49
0.49	0.49	0.49	0.49	0.49	0.49	0.49
0.40	0.40	0.40	0.40	0.40	0.00	0.00
6.00	6.00	6.00	6.00	6.00	6.00	6.00
17.92	18.00	18.00	18.00	18.00	18.00	18.00
0.00	0.00	0.00	0.00	1.60	1.60	1.50
3.59	3.61	3.60	3.60	3.60	3.60	3.60
1.37	1.37	1.37	1.37	1.37	1.37	1.37
0.50	0.50	0.50	0.50	0.50	0.50	0.50
<u>\$ 47.20</u>	<u>\$ 47.44</u>	<u>\$ 47.56</u>	<u>\$ 47.87</u>	<u>\$ 49.47</u>	<u>\$ 49.32</u>	<u>\$ 49.22</u>

- (3) Beginning in 1995, a new state law required 6 mills to be levied against all real and personal property.
- (4) Beginning in the year ending June 30, 1997, the Mass Transportation Authority began levying .4 mills against real and personal property throughout Genesee County.

Table 6

**City of Burton
Special Assessment Collections - Unaudited
Last Ten Fiscal Years**

<u>Tax Roll Year</u>	<u>Current Assessments Levied</u>	<u>Current Levies Collected</u>	<u>Ratio of Collections To Amount Due⁽¹⁾</u>	<u>Total Outstanding Assessments⁽²⁾</u>
1995	\$664,774	\$664,774	100%	\$5,059,622
1996	644,459	644,549	100	4,648,349
1997	594,824	594,824	100	3,953,215
1998	618,831	618,831	100	3,988,184
1999	773,185	773,185	100	7,164,424
2000	630,983	630,983	100	5,880,475
2001	541,404	541,404	100	4,241,663
2002	398,386	398,386	100	2,626,231
2003	346,618	346,618	100	5,126,156
2004	659,056 ⁽³⁾	-	-	6,654,364

NOTES:

- (1) Special assessments are levied as part of the taxpayer's annual property tax billing on July 1, each year. Billings which become delinquent (i.e., real property taxes including special assessments) are paid in full by the Genesee County Delinquent Tax Revolving Fund. As a result, all current special assessment levies, except for 2002, are shown above as being 100% collected.
- (2) Includes current and deferred portions.
- (3) Amounts will be billed July 1, 2004.

City of Burton
Ratio of Net General Bonded Debt
To State Equalized Value and Net Bonded Debt Per Capita - Unaudited
Last Ten Fiscal Years

Fiscal Year	(1) Population	State Equalized/ Taxable Valuation (in Thousands)	Gross Bonded Debt ⁽²⁾ (in Thousands)	Debt Service Monies Available (in Thousands)	Net Bonded Debt (in Thousands)	Ratio of Net Bonded Debt to State Equalized/ Taxable Value	Net Debt Per Capita
1995	27,437	\$382,878	\$ 12,354	\$ 120	\$ 12,234	3.20	\$ 445
1996	27,437	395,314 ⁽⁴⁾	11,056	143	10,913	2.76	398
1997	27,437	420,304	9,681	156	9,525	2.27	348
1998	27,437	446,305	10,735	214	10,521	2.36	383
1999	27,437	474,350	9,514	161	9,353	1.97	341
2000	30,308	498,744	8,153	142	8,011	1.61	264
2001	30,308	532,028	6,847	152	6,695	1.26	221
2002	30,308	570,754	7,577	110	7,467	1.31	246
2003	30,308	601,535	6,414	75	6,339	1.05	209
2004	30,308	626,666	5,515	87 ⁽³⁾	5,428	0.87	181

NOTES:

- (1) U.S. Census and Population estimates from Federal Entitlement data.
- (2) Includes all long-term general obligation bonded debt. Special Assessment Debt with Governmental Commitment is not included.
- (3) Total monies available in the Debt Service Fund type amounted to \$3,928,771, of which \$3,842,153 represents amounts available to fund Special Assessment Debt, leaving \$86,618 available to fund other general bonded debt.
- (4) Beginning with the fiscal year ended June 30, 1996, taxable value replaced state equalized value.

Table 8

**City of Burton
Computation of Legal Debt Margin - Unaudited
June 30, 2004**

Total taxable valuation	<u>\$626,666,340</u>
Debt limit - 10 percent of total taxable valuation	\$ 62,666,634
Amount of debt applicable to debt limit ⁽¹⁾	<u>2,115,000</u>
Legal debt margin	<u>\$ 60,551,634</u>

NOTE:

- (1) Only the Building Authority bonds are subject to the 10% limit computation. All other existing City General Long-Term Obligations and Special Assessment Bonds are specifically exempted from the 10% limit computation.

Table 9

City of Burton
Computation of Direct and Overlapping Debt - Unaudited
June 30, 2004

<u>Date of Financial Information</u>	<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Burton</u>	<u>Amount Applicable to City of Burton</u>
Direct:				
6/04	City of Burton	<u>\$16,305,000</u>	100.0%	<u>\$16,305,000</u>
Indirect:				
6/04	City of Burton	<u>1,995,000</u>	100.0	<u>1,995,000</u>
Overlapping:				
6/04	Mott Community College	53,065,000	6.2	3,295,337
9/03	Genesee County	45,952,772	6.5	2,996,121
6/04	School districts	<u>182,720,000</u>	8.6	<u>15,675,630</u>
	Total overlapping	<u>281,737,772</u>		<u>21,967,088</u>
	Totals	<u><u>\$300,037,772</u></u>		<u><u>\$40,267,088</u></u>

NOTE: The obligations represent bonded debt where an unlimited tax full faith and credit pledge of the governmental unit is made as security for payment of the associated principal and interest on the bonds.

Table 10

City of Burton
Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total General Expenditures - Unaudited
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Principal</u> ⁽²⁾	<u>Interest</u> ⁽²⁾	<u>Total Debt Service</u> ⁽²⁾	<u>Total General Expenditures</u> ⁽¹⁾	<u>Ratio of Debt Service to Total General Expenditures</u>
1995	\$2,072,480	\$1,158,098	\$3,230,578	\$11,179,886	28.9%
1996	2,092,618	1,051,081	3,143,699	11,105,581	28.3
1997	2,240,778	953,429	3,194,207	12,014,301	26.6
1998	2,275,776	834,441	3,110,217	12,266,037	25.4
1999	2,025,873	836,309	2,862,182	15,841,669	18.1
2000	2,171,037	947,844	3,118,881	16,954,666	18.4
2001	2,275,912	801,194	3,077,106	13,486,199	22.8
2002	2,095,310	674,047	2,769,357	14,882,796	18.6
2003	2,168,520	657,920	2,826,440	15,447,392	18.3
2004	1,803,521	625,158	2,428,679	16,689,651	14.6

NOTES:

- (1) Includes General, Special Revenue, Debt Service Funds, and Capital Projects Funds (Primary Government).
- (2) Includes Special Assessment Debt with Governmental Commitment payments.

Table 11

**City of Burton
Demographic Statistics - Unaudited
Last Ten Fiscal Years**

<u>Year</u>	<u>Population</u> ⁽¹⁾	<u>Per Capita Income</u> ⁽²⁾	<u>Median Age</u> ⁽¹⁾	<u>Education Level in Years of Formal Schooling</u>	<u>Enrollment</u> ⁽³⁾	<u>Unemployment Rate</u> ⁽⁴⁾
1995	27,437	\$ 15,873	32.7	12.2	4,179	4.6%
1996	27,437	16,349	32.7	12.2	4,341	4.3
1997	27,437	16,709	32.7	12.2	4,290	3.6
1998	27,437	16,993	32.7	12.2	4,268	3.5
1999	27,437	17,333	32.7	12.2	4,220	3.0
2000	30,308	20,548 ⁽¹⁾	34.6	12.2	4,070	3.6
2001	30,308	21,164	34.6	12.2	3,998	5.6
2002	30,308	21,799	34.6	12.2	3,961	6.0
2003	30,308	22,453	34.6	12.2	3,932	7.1
2004	30,308	23,127	34.6	12.2	4,108	N/A

Sources:

- (1) 1990 and 2000 U.S. Census data.
- (2) Federal Revenue Sharing Entitlement figures and estimates based on a 2.8% growth for 1995; 3.0% for 1996; 2.2% for 1997; 1.7% for 1998; 2.0% for 1999; 3.0% for 2001; 3.2% for 2002, 2002, 2003, and 2004.
- (3) Superintendent of Schools 4th Friday enrollment count.
- (4) Michigan Employment Security Commission.

City of Burton
Property Value, Construction, and Bank Deposits - Unaudited
Last Ten Fiscal Years

Assessment Date <u>December 31</u>	<u>Commercial/Industrial Construction⁽¹⁾</u>		<u>Residential Construction⁽¹⁾</u>		Bank Deposits ⁽⁴⁾ (in Thousands)
	<u>Number of Units</u>	<u>Value</u>	<u>Number of Units</u>	<u>Value</u>	
1995	147	\$10,717,045	663	\$12,524,313	\$2,867,075
1996	58	12,040,891	471	13,095,690	2,906,401
1997	103	5,575,000	521	17,217,600	3,001,860
1998	126	4,739,500	501	14,970,000	3,004,523
1999	73	11,575,800	770	19,391,800	3,026,496
2000	61	6,688,900	752	11,382,500	3,643,612
2001	53	9,470,560	590	23,330,300	3,634,128
2002	52	6,653,600	410	20,828,900	3,522,542
2003	60	7,029,200	399	26,183,660	3,710,109
2004	24	4,452,000	321	26,431,460	⁽³⁾

NOTES:

- (1) Includes additions, remodeling, and new construction.
- (2) Estimated actual or market value which is approximately two times the state equalized value. Personal property inventories are exempt as of December 31, 1975.
- (3) This information will not be available until December 31, 2002.
- (4) Amounts reported are for Genesee County as provided by the Federal Deposit Insurance Corporation.
- (5) The reduction in industrial property value is a result of reclassification to other categories.

Information for this Table (except for bank deposits) provided by the City Assessor's Department.

Property Value ⁽²⁾

<u>Commercial</u>	<u>Residential</u>	<u>Industrial and Utility</u>
\$212,794,200	\$479,582,982	\$100,428,600 ⁽⁵⁾
227,348,200	525,433,688	104,404,200
238,931,000	592,099,820	106,102,800
251,981,800	644,180,000	112,776,000
266,822,800	707,514,700	115,424,600
286,931,200	777,147,700	120,369,200
306,527,200	856,773,540	130,623,600
346,360,800	938,238,060	132,620,400
366,649,400	1,010,316,600	135,855,000
382,014,400	1,079,279,980	143,107,800

Table 13

**City of Burton
Principal Taxpayers - Unaudited
June 30, 2004**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2004 Taxable Value</u>	<u>State Equalized Value</u>	<u>Percentage of Total State Equalized Value</u>
Consumers Energy	Utility	\$19,371,750	\$19,553,200	2.44%
TOC Courtland Lease Co.	Shopping Center	11,200,500	11,200,500	1.40
Delphi Automotive	Manufacturing	8,347,470	8,398,800	1.05
Meijers Incorporated	Retail	6,268,080	7,429,400	0.93
Lowe's Home Centers	Retail	4,923,400	5,991,300	0.75
Heritage Property Inv.	Shopping Center	4,086,250	5,158,200	0.64
Wal-Mart Store, Inc.	Retail	4,010,640	4,873,700	0.61
Home Depot USA, Inc.	Retail	3,573,160	4,336,800	0.54
National Amusements, Inc.	Theater and Drive-in	3,357,480	4,058,300	0.51
General Warehouses	Warehousing	3,455,580	3,860,500	0.48
		<u>\$68,594,310</u>	<u>\$74,860,700</u>	<u>9.35%</u>

Table 14

City of Burton
Revenue Bond Coverage Water Bonds - Unaudited
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Direct Gross Revenue</u>	<u>Direct ⁽¹⁾ Operating Expenses</u>	<u>Net Revenue Available For Debt Service</u>	<u>Debt Service Requirement</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
1995	\$1,547,917	\$1,350,005	\$197,912	\$ -	\$ -	\$ -	0.00%
1996	1,649,550	1,314,759	334,791	-	-	-	0.00
1997	1,798,657	1,423,545	375,112	-	-	-	0.00
1998	1,900,221	1,518,764	381,457	-	-	-	0.00
1999	2,183,334	1,780,319	403,015	-	131,814	131,814	3.06
2000	2,175,452	1,609,994	565,458	-	121,675	121,675	4.65
2001	2,222,967	1,701,578	521,389	-	121,675	121,675	4.29
2002	2,149,935	1,839,983	309,952	25,000	121,137	146,137	2.12
2003	2,259,094	2,061,686	197,408	50,000	119,863	169,863	1.16
2004	2,510,311	2,281,541	228,770	50,000	117,675	167,675	1.36

(1) Expenses are exclusive of depreciation.

City of Burton
Miscellaneous Statistics - Unaudited
June 30, 2004

DATE OF INCORPORATION	April 6, 1972
Form of Government	Strong Mayor - Council
FIRE PROTECTION:	
Number of stations	3
Number of firemen and officers	2 full time, 61 part time
POLICE PROTECTION:	
Number of stations	1
Number of policemen and officers	41 full time sworn officers
EDUCATION (SOURCE - SUPERINTENDENT OF SCHOOLS - PUBLIC SCHOOLS ONLY):	
Attendance centers	12
Number of classrooms	211
Number of teachers	250
Number of students	4,108
RECREATION AND CULTURE:	
Number of parks	4
Number of libraries	2 City of Burton
Number of volumes	Annual circulation - 93,509 fixed capacity 40,000
EMPLOYEES (FULL TIME):	
Classified service	91
Exempt	<u>13</u>
	<u>104</u>
MUNICIPAL WATER DEPARTMENT:	
Number of metered consumers	6,635
Average daily consumption	1,672,826 gallons per day
Miles of water mains	105 miles
SEWERS:	
Sanitary sewers	164 miles with 12,314 sewer accounts
Storm sewers (maintained by city)	15 miles - county maintains balance
AREA:	
Miles of Streets:	23 1/2 sq. miles
City major streets	72.26 miles
City local streets	99.12 miles
County roads	0 miles
State trunk lines	6.423 miles
Number of street lights	2,611

October 31, 2004

Honorable Mayor and Members of the City Council
City of Burton, Michigan

We have audited the basic financial statements of the City of Burton, Michigan for the year ended June 30, 2004, and have issued our report thereon dated October 8, 2004. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of the City of Burton, Michigan. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

Our consideration of the internal control structure was for the limited purpose described in the preceding paragraph and would not necessarily disclose all matters that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above. In addition, because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected by such control structure.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City of Burton, Michigan are described in Note 1 to the basic financial statements. We noted no transactions entered into by the City of Burton, Michigan during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. We proposed no audit adjustments that could, in our judgment, either individually or in the aggregate, have a significant effect on the City of Burton, Michigan's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the general purpose financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on a certain situation. If a consultation involves application of an accounting principal to the governmental unit's general purpose financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City of Burton, Michigan's auditors. These discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

Comments and Recommendations - 2004

Retirement of Key Management of the City

Key members of the management of the City are scheduled to retire near the end of 2004. As well, due to the unexpected and unfortunate passing of the former Treasurer/Controller, Mr. Brad Becker, in early 2004 the City has been determining whether to restructure the responsibilities of the Treasurer/Controller certain positions. We recommend that if it is determined that certain positions be restructured that a review of the internal control procedures be done to assure that there is adequate segregation of duties to ensure strong internal controls over disbursements, purchases, and cash receipts.

Honorable Mayor and Members of the City Council
City of Burton, Michigan
October 31, 2004
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We would be glad to assist with the above recommendation should you desire.

We would like to take this opportunity to thank the City's staff for their full cooperation in assisting us with performing our audit of the City of Burton, Michigan. We commend the Deputy Controller, and the accountant for their competent assistance during the audit.

The information is intended solely for the use of the City Council and management of The City of Burton, Michigan and should not be used for any other purpose.

BKR Dupuis & Ryden

Certified Public Accountants
Flint Office